

# Making Home Affordable

Program Performance Report Through October 2012

## Report Highlights

### Over 1.3 Million Homeowner Assistance Actions Taken through Making Home Affordable

- More than 1.1 million homeowners have received a permanent modification through the Home Affordable Modification Program (HAMP). These homeowners have reduced their first lien mortgage payments by a median of approximately \$542 each month – more than one-third of their median before-modification payment – saving a total estimated \$16.2 billion to date in monthly mortgage payments.
- Nearly 100,000 second lien modifications have been started through the Second Lien Modification Program (2MP), and over 80,000 homeowners have exited their homes through a short sale or deed-in-lieu of foreclosure with assistance from the Home Affordable Foreclosure Alternatives Program (HAFA).
- Homeowners currently in HAMP permanent modifications with some form of principal reduction have been granted an estimated \$8 billion in principal reduction. 74% of eligible non-GSE borrowers entering HAMP in October received some form of principal reduction with their modification.

### This Month: Q3 2012 Servicer Assessment Results

- For the third quarter of 2012, two servicers were found to need only minor improvement on the areas reviewed for program performance, while seven servicers were found to need moderate improvement. All servicers will need to continue to demonstrate progress in areas identified in follow-up program reviews.
- Servicers continue to focus attention on areas identified in previous program reviews and, as a result, are demonstrating considerable improvement in program implementation:
  - Mortgage servicers continue to appropriately calculate homeowner income, which is used to determine a homeowner's eligibility and modified payment amount under the program. In Q3 2012, the average income calculation error rate for the top servicers was 3 percent.
  - Servicers are more effectively evaluating homeowners under program eligibility criteria as evidenced in the "second look disagree" category, which reflects the rate at which Treasury's program reviews disagree with the servicers' decision not to assist a homeowner. In Q3 2012, the average second look disagree percentage for the top servicers was below 1 percent.

Note: This report reflects program activity for the Making Home Affordable Program. Unless specified, this report does not yet include activity relating to HAMP Tier 2, in order to allow adequate time to fully implement Tier 2 reporting into the HAMP system of record. Tier 2 activity will be reported in the coming months. For information and quarterly updates about the Hardest Hit Fund, please visit the website for the [Hardest Hit Fund](#) or the [TARP Monthly Report to Congress](#).

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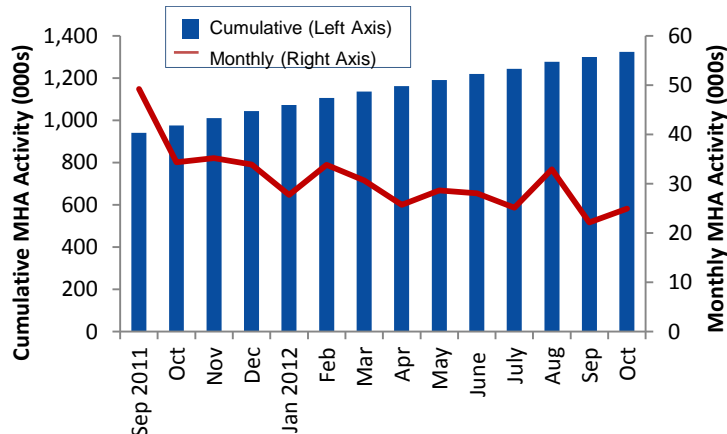
# Making Home Affordable

Program Performance Report Through October 2012

## Making Home Affordable Program Activity

In total, the MHA program has completed over 1.3 million first and second lien permanent modifications, HAFA transactions, and UP forbearance plans.

	Program-to-Date	Reported Since Prior Period
HAMP Permanent Modifications Started	1,106,599	16,003
2MP Modifications Started	99,157	2,235
HAFA Transactions Completed	80,263	4,840
FHA-HAMP and RD-HAMP Permanent Modifications Started	9,893	793
UP Forbearance Plans Started (through September 2012)	28,071	1,040
<b>Cumulative MHA Activity<sup>1</sup></b>	<b>1,323,983</b>	<b>24,911</b>



The Making Home Affordable Program was launched in March 2009 with the Home Affordable Modification Program (HAMP) which provides assistance to struggling homeowners by lowering monthly first lien mortgage payments to an affordable level. Additional programs were subsequently rolled out to expand the program reach.

Program	Purpose
• Home Affordable Modification Program (HAMP)	Provides eligible borrowers the opportunity to lower their first lien mortgage payment to affordable and sustainable levels through a uniform loan modification process.
• Principal Reduction Alternative (PRA)	Provides principal forgiveness on eligible underwater loans that are modified under HAMP.
• Second Lien Modification Program (2MP)	Provides modifications and extinguishments on second liens when there has been a first lien HAMP modification on the same property.
• Home Affordable Foreclosure Alternatives (HAFA)	Provides transition alternatives to foreclosure in the form of a short sale or deed-in-lieu of foreclosure.
• FHA-HAMP and RD-HAMP modification programs	Provides first lien modifications for distressed borrowers in loans guaranteed through the Federal Housing Administration and Rural Housing Service.
• Unemployment Program (UP)	Provides temporary forbearance of mortgage principal to enable unemployed borrowers to look for a new job without fear of foreclosure.

Source: HAMP system of record for HAMP, 2MP, HAFA, FHA-HAMP, and RD-HAMP. UP participation is reported via servicer survey through September 30, 2012.

<sup>1</sup> Cumulative activity includes HAMP permanent modifications started, 2MP modifications started, HAFA transactions completed, FHA-HAMP and RD-HAMP permanent modifications started, and UP forbearance plans started. This does not include trial modifications that have cancelled or not yet converted to permanent modification and HAFA agreements started but not yet completed.

# Making Home Affordable: Summary Results

Program Performance Report Through October 2012

## HAMP (First Lien) Modifications

HAMP is designed to lower monthly mortgage payments to help struggling homeowners stay in their homes and prevent avoidable foreclosure.

		Total
<b>HAMP Eligibility</b> (As of September 30, 2012)	Eligible Delinquent Loans <sup>1</sup>	2,159,397
	Eligible Delinquent Borrowers <sup>2</sup>	720,482
<b>Trial Modifications</b>	Trial Plan Offers Extended (Cumulative) <sup>3</sup>	2,151,335
	All Trials Started	1,941,028
	Trials Reported Since September 2012 Report <sup>4</sup>	13,403
	Trial Modifications Cancelled Since June 1, 2010 <sup>5</sup>	61,529
	Active Trials	61,928
<b>Permanent Modifications</b>	All Permanent Modifications Started	1,106,599
	Permanent Modifications Reported Since September 2012 Report	16,003
	Permanent Modifications Cancelled (Cumulative) <sup>6</sup>	265,764
	Active Permanent Modifications	840,835

- <sup>1</sup> Estimated eligible 60+ day delinquent loans as reported by servicers as of September 30, 2012, include conventional loans:
- in foreclosure and bankruptcy.
  - with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,200 on a two-unit property, \$1,129,250 on a three-unit property and \$1,403,400 on a four-unit property.
  - on a property that was owner-occupied at origination.
  - originated on or before January 1, 2009.

Estimated eligible 60+ day delinquent loans exclude:

- FHA and VA loans.
- loans that are current or less than 60 days delinquent, which may be eligible for HAMP if a borrower is in imminent default.

<sup>2</sup> The estimated eligible 60+ day delinquent borrowers are those in HAMP-eligible loans, minus estimated exclusions of loans on vacant properties, loans with borrower debt-to-income ratio below 31%, loans that fail the NPV test, properties no longer owner-occupied, unemployed borrowers, manufactured housing loans with title/chattel issues that exclude them from HAMP, loans where the investor pooling and servicing agreements preclude modification, and trial and permanent modifications disqualified from HAMP. Exclusions for DTI and NPV results are estimated using market analytics.

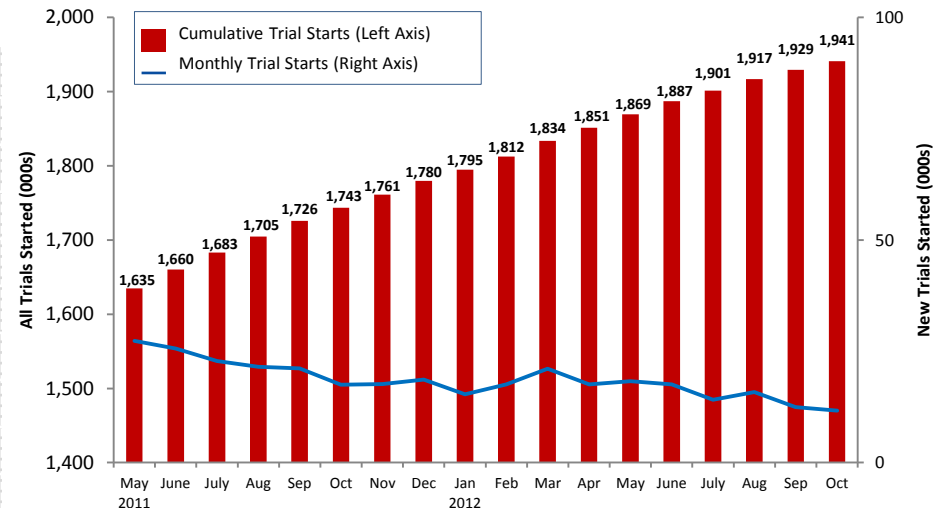
<sup>3</sup> As reported in the monthly servicer survey of large SPA servicers through October 31, 2012. Some servicers have begun to include trial plans offered under the HAMP Tier 2 eligibility requirements. The reduction is due to Wells Fargo, N.A. restating the number of trial plan offers extended from the previous month.

<sup>4</sup> Servicers may enter new trial modifications into the HAMP system of record at anytime.

<sup>5</sup> 772,501 cumulative including 710,972 that had trial start dates prior to June 1, 2010 when Treasury implemented a verified income requirement.

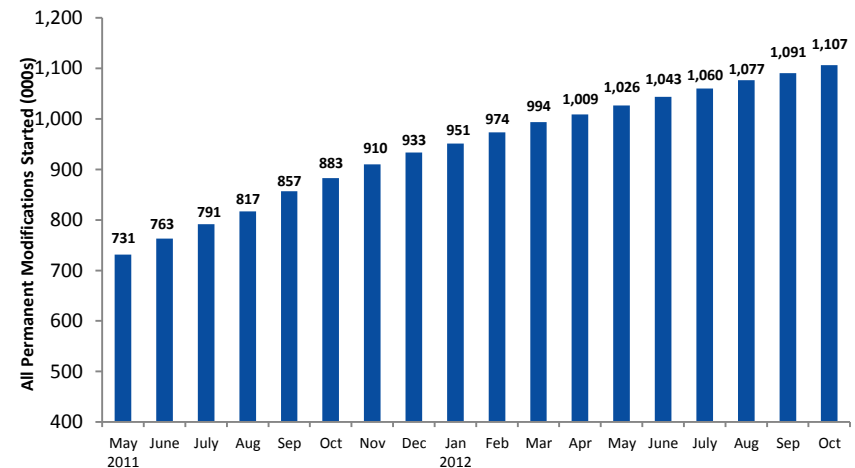
<sup>6</sup> A permanent modification is canceled when the borrower has missed three consecutive monthly payments. Includes 8,080 loans paid off.

## HAMP (First Lien) Trials Started



Source: HAMP system of record. Servicers may enter new trial modifications into the HAMP system of record at any time. For example, 13,403 trials have entered the HAMP system of record since the prior report; 11,663 were trials with a first payment recorded in October 2012.

## HAMP Permanent Modifications Started (Cumulative)



Source: HAMP system of record.

Note: Unless specified, exhibits in this report refer to HAMP first lien modification activity.

# Making Home Affordable: Summary Results

Program Performance Report Through October 2012

## Second Lien Modification Program (2MP) Activity

The Second Lien Modification Program (2MP) provides assistance to homeowners in a first lien permanent modification who have an eligible second lien with a participating HAMP servicer. This assistance can result in a modification of the second lien and even full or partial extinguishment of the second lien. Second lien modifications follow a series of steps and may include capitalization, interest rate reduction, term extension and principal forbearance or forgiveness. 2MP modifications and partial extinguishments require that the first lien HAMP modification be permanent and active and that the second lien have an unpaid balance of \$5,000 or more and a monthly payment of at least \$100.

All Second Lien Modifications Started (Cumulative) <sup>1</sup>	99,157
Second Lien Modifications Involving Full Lien Extinguishments	24,617
Second Lien Modifications Disqualified <sup>2</sup>	6,452
Active Second Lien Modifications <sup>3</sup>	68,088
Active Second Lien Modifications involving Partial Lien Extinguishments	5,765

## Second Lien Extinguishment Details

Median Amount of Full Extinguishment	\$61,960
Median Amount of Partial Extinguishment for Active Second Lien Modifications	\$9,125

<sup>1</sup>Includes second lien modifications reported into HAMP system of record through the end of cycle for October 2012 data, though the effective date may occur in November 2012. Number of modifications is net of cancellations, which are primarily due to servicer data corrections.

<sup>2</sup>Includes 934 loans paid off.

<sup>3</sup>Includes 4,340 loans in active non-payment status whereby the 1MP has disqualified from HAMP. As a result, the servicer is no longer required to report payment activity on the 2MP modification.

## Treasury FHA-HAMP Modification Activity

The Treasury FHA-HAMP Program provides assistance to eligible homeowners with FHA-insured mortgages.

All Treasury FHA-HAMP Trial Modifications Started	16,621
All Treasury FHA-HAMP Permanent Modifications Started	9,882

## Home Affordable Foreclosure Alternatives (HAFA) Activity

The Home Affordable Foreclosure Alternatives Program (HAFA) offers incentives for homeowners looking to exit their homes through a short sale or deed-in-lieu of foreclosure. HAFA has established important homeowner protections and an industry standard for streamlined transactions. In 20% of HAFA transactions completed, the homeowner began a HAMP trial modification but later requested a HAFA agreement or was disqualified from HAMP.

All HAFA Transactions Started <sup>1</sup>	107,117
HAFA Transactions Cancelled	15,518
HAFA Agreements Active <sup>2</sup>	11,336
HAFA Transactions Completed	80,263
Completed Transactions – Short Sale	78,260
Completed Transactions – Deed-in-Lieu	2,003

<sup>1</sup> All HAFA Agreements Started includes HAFA Agreements Active, HAFA Transactions Completed, and HAFA Transactions Cancelled.

<sup>2</sup> Servicer agreement with homeowner for terms of potential short sale, which lasts at least 120 days; or agreement for a deed-in-lieu transaction. A short sale requires a third-party purchaser and cooperation of junior lienholders and mortgage insurers to complete the transaction.

## Unemployment Program (UP) Activity

The Treasury MHA Unemployment Program (UP) provides a temporary forbearance to homeowners who are unemployed. Under Treasury guidelines, unemployed homeowners must be considered for a minimum of 12 months' forbearance.

All UP Forbearance Plans Started (through Sep. 2012)	28,071
UP Forbearance Plans With Some Payment Required	24,181
UP Forbearance Plans With No Payment Required	3,890

Note: Data is as reported by servicers via survey for UP participation through September 30, 2012.

# Making Home Affordable: Summary Results

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## HAMP Principal Reduction

Principal reduction may be offered to any non-GSE HAMP modifications, and servicers are required to evaluate the benefit of principal reduction for non-GSE mortgages with a loan-to-value ratio greater than 115% when evaluating a homeowner for a HAMP first lien modification. While servicers are required to evaluate homeowners for principal reduction, they are not required to reduce principal as part of the modification. The MHA Program allows servicers to provide principal reduction on HAMP modifications in two ways: 1) under HAMP Principal Reduction Alternative (PRA), principal is reduced to lower the LTV, the investor is eligible to receive an incentive on the amount of principal reduced, and the reduction vests over a 3-year period and 2) servicers can also offer principal reduction to homeowners on a HAMP modification outside the requirements of HAMP PRA. If they do, the investor receives no incentive payment for the principal reduction and the principal reduction can be recognized immediately.

To encourage investors to consider or expand the use of HAMP PRA, Treasury issued program guidance on February 16, 2012 tripling financial incentives under HAMP PRA for investors who agree to reduce principal for eligible underwater homeowners. The new program guidance applies to all permanent modifications of non-GSE loans under HAMP that include HAMP PRA and have a trial period plan effective date on or after March 1, 2012. HAMP PRA can be a feature of a HAMP trial or permanent modification.

## HAMP Principal Reduction Activity

	HAMP Modifications with Earned Principal Reduction Under PRA <sup>1</sup>	HAMP Modifications with Upfront Principal Reduction Outside of PRA	Total HAMP Modifications with Principal Reduction
All Trial Modifications Started	104,191	33,361	137,552
Trials Reported Since September 2012 Report	3,467	1,342	4,809
Active Trial Modifications	14,060	3,687	17,747
All Permanent Modifications Started	81,709	26,655	108,364
Permanent Modifications Reported Since September 2012 Report	4,054	1,490	5,544
Active Permanent Modifications	71,969	23,370	95,339
Median Principal Amount Reduced for Active Permanent Modifications <sup>2</sup>	\$71,890	\$54,466	\$65,693
Median Principal Amount Reduced for Active Permanent Modifications (%) <sup>3</sup>	31.8%	18.0%	28.1%
Total Outstanding Principal Balance Reduced on Active Permanent Modifications <sup>2</sup>	\$6,520,559,397	\$1,492,181,669	\$8,012,741,066

<sup>1</sup> Includes some modifications with additional principal reduction outside of HAMP PRA.

<sup>2</sup> Under HAMP PRA, principal reduction vests over a 3 year period. The amounts noted reflect the entire amount that may be forgiven.

<sup>3</sup> HAMP PRA amount as a percentage of before-modification UPB, excluding capitalization.

<sup>4</sup> Includes HAMP first lien modifications with and without principal reduction.

<sup>5</sup> Figures reflect active trials and active permanent modifications.

<sup>6</sup> Because the first step of the standard HAMP waterfall includes the capitalization of accrued interest, out-of-pocket escrow advances to third parties, any escrow advances made to third parties during the trial period plan, and servicing advances that are made for costs and expenses incurred in performing servicing obligations, this can result in an increase in the principal balance after modification. As a result, the loan-to-value ratio can increase in the modification process.

## Modification Characteristics

While the population of loan modifications with principal reduction is still relatively small, program data indicates that modifications with principal reduction are comprised of more homeowners seriously delinquent at the time of trial start than the overall population of HAMP homeowners. Overall, homeowners receiving permanent loan modifications with principal reduction also have a higher before-modification LTV ratio than those without it.

	All HAMP Modifications <sup>4</sup>	Total HAMP Modifications with Principal Reduction
Of trials started, delinquency at trial start:		
- At least 60 days delinquent	80%	85%
- Up to 59 days delinquent or current and in imminent default	20%	15%

Top three States by Activity<sup>5</sup>, Percent of Total Activity:

- California	26%	36%
- Florida	12%	16%
- Illinois	5%	5%
Top Three States' Percent of Total	43%	57%

Active Permanent Modifications – Median Loan-to-Value (LTV) ratio:

- Before Modification	120%	154%
- After Modification <sup>6</sup>	119%	115%

Active Permanent Modifications – Median before Modification Debt-to-Income (DTI) ratio:

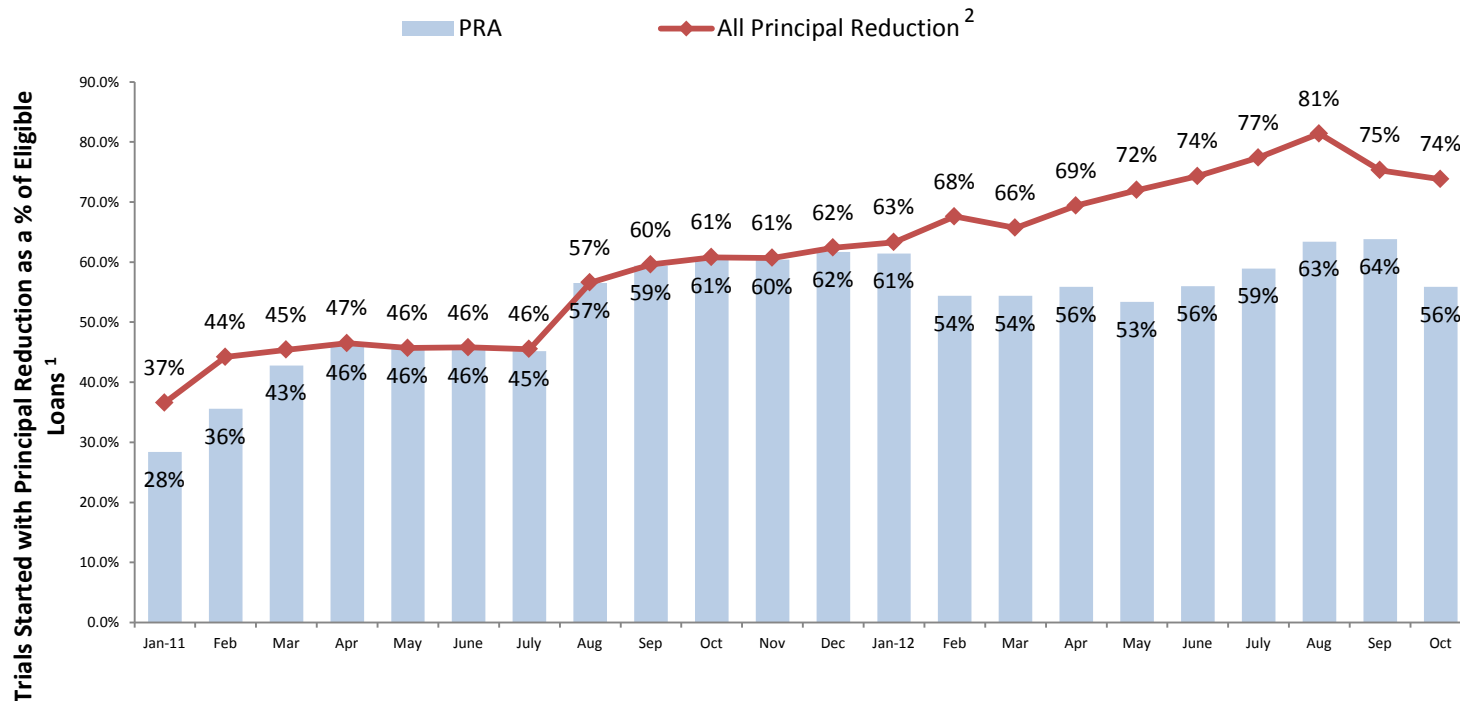
- Front-End DTI	45.5%	46.6%
- Back-End DTI	71.5%	62.3%

# Making Home Affordable: Summary Results

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## HAMP Principal Reduction

The terms of the \$25 billion settlement of mortgage servicing deficiencies between the five largest mortgage servicers, the Federal government, and 49 state attorneys general, have recently caused servicers to increase the use of non-PRA principal reductions. Of non-GSE loans eligible<sup>1</sup> for principal reduction that started a trial in October 2012, 74% included a principal reduction feature. Only 56% offered principal reduction through the HAMP PRA program. The remaining HAMP trial modifications with a principal reduction feature were granted outside the requirements of HAMP PRA, where the investor does not receive a financial incentive for the principal reduction. In recent months, principal reductions granted outside of the HAMP PRA program are likely attributable to the National Mortgage Settlement.



<sup>1</sup> Eligible loans include those receiving evaluation under HAMP PRA guidelines plus loans that did not require an evaluation but received principal reduction on their modification.

<sup>2</sup> All Principal Reduction population consists of trials that have any principal reduction, including those with HAMP PRA.

# Making Home Affordable: Summary Results

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## Homeowner Benefits and First Lien Modification Characteristics

- Aggregate payment savings to homeowners who received HAMP first lien permanent modifications are estimated to total **approximately \$16.2 billion**, program to date, compared with unmodified mortgage obligations.
- The median monthly savings for borrowers in active permanent first lien modifications is \$542.33, or **38% of the median monthly payment** before modification.

- Of trial modifications started, **80% of homeowners were at least 60 days delinquent at trial start**. The rest were up to 59 days delinquent or current and in imminent default.

- The **primary hardship reasons** for homeowners in active permanent modifications are:
  - 67.7% experienced loss of income (curtailment of income or unemployment)
  - 10.9% reported excessive obligation
  - 3.4% reported an illness of the principal borrower

- Active permanent modifications feature the following **modification steps**:
  - 97.1% feature interest rate reductions
  - 60.9% offer term extension
  - 32.0% include principal forbearance

## Modifications by Investor Type (Large Servicers)

Servicer	GSE	Private	Portfolio	Total Active Modifications
Bank of America, N.A.	67,054	54,092	10,758	131,904
CitiMortgage, Inc.	32,847	5,622	16,978	55,447
GMAC Mortgage, LLC	25,630	6,313	12,917	44,860
Homeward Residential, Inc.	5,613	28,001	0	33,614
JPMorgan Chase N.A.	66,595	57,082	27,302	150,979
Ocwen Loan Servicing, LLC	13,548	60,085	1,423	75,056
OneWest Bank	15,661	18,014	2,966	36,641
Select Portfolio Servicing	512	22,749	2,855	26,116
Wells Fargo Bank, N.A.	56,529	20,251	53,402	130,182
Other HAMP Servicers	173,256	27,017	17,691	217,964
<b>Total</b>	<b>457,245</b>	<b>299,226</b>	<b>146,292</b>	<b>902,763</b>

Note: Figures reflect active trials and active permanent modifications.

## Select Median Characteristics of Active Permanent Modifications

Loan Characteristic	Before Modification	After Modification	Median Decrease
Front-End Debt-to-Income Ratio <sup>1</sup>	45.5%	31.0%	-14.8 pct pts
Back-End Debt-to-Income Ratio <sup>2</sup>	71.5%	53.3%	-15.0 pct pts
Median Monthly Housing Payment <sup>3</sup>	\$1,424.97	\$814.05	-\$542.33

<sup>1</sup> Ratio of housing expenses (principal, interest, taxes, insurance and homeowners association and/or condo fees) to monthly gross income.

<sup>2</sup> Ratio of total monthly debt payments (including mortgage principal and interest, taxes, insurance, homeowners association and/or condo fees, plus payments on installment debts, junior liens, alimony, car lease payments and investment property payments) to monthly gross income. Borrowers who have a back-end debt-to-income ratio of greater than 55% are required to seek housing counseling under program guidelines.

<sup>3</sup> Principal and interest payment.



# Making Home Affordable: Summary Results

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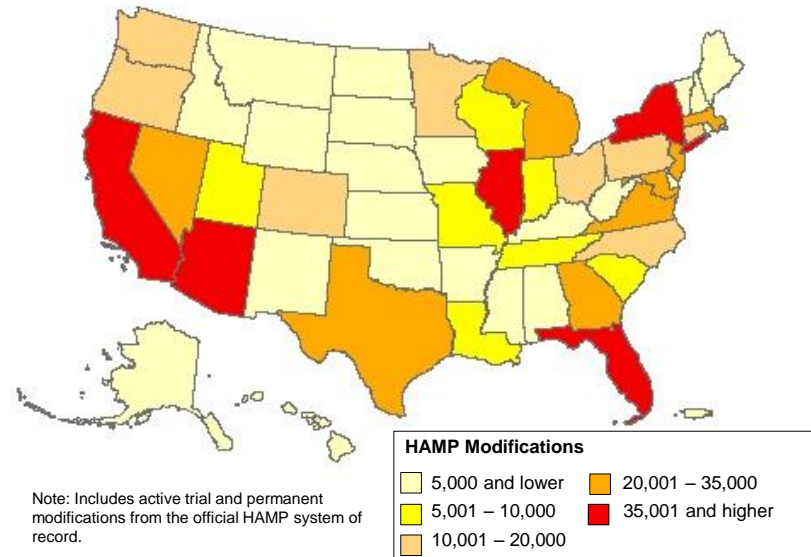
## HAMP Activity by State

State	Active Trials	Permanent Modifications	State Total <sup>1</sup>	% of U.S. HAMP Activity	State	Active Trials	Permanent Modifications	State Total <sup>1</sup>	% of U.S. HAMP Activity
AK	46	374	420	0.0%	MT	65	957	1,022	0.1%
AL	399	4,554	4,953	0.5%	NC	1,209	14,904	16,113	1.8%
AR	125	1,793	1,918	0.2%	ND	11	120	131	0.0%
AZ	1,571	33,767	35,338	3.9%	NE	94	1,101	1,195	0.1%
CA	14,163	216,244	230,407	25.5%	NH	293	3,734	4,027	0.4%
CO	832	11,777	12,609	1.4%	NJ	2,361	26,966	29,327	3.2%
CT	940	10,627	11,567	1.3%	NM	242	2,753	2,995	0.3%
DC	118	1,442	1,560	0.2%	NV	1,083	19,053	20,136	2.2%
DE	202	2,455	2,657	0.3%	NY	4,414	41,475	45,889	5.1%
FL	7,741	101,728	109,469	12.1%	OH	1,454	17,464	18,918	2.1%
GA	2,199	30,231	32,430	3.6%	OK	167	1,912	2,079	0.2%
HI	274	3,229	3,503	0.4%	OR	735	9,271	10,006	1.1%
IA	134	2,002	2,136	0.2%	PA	1,533	16,906	18,439	2.0%
ID	196	3,189	3,385	0.4%	RI	291	4,053	4,344	0.5%
IL	3,111	43,777	46,888	5.2%	SC	585	7,572	8,157	0.9%
IN	571	7,780	8,351	0.9%	SD	26	296	322	0.0%
KS	164	1,944	2,108	0.2%	TN	705	8,304	9,009	1.0%
KY	269	3,021	3,290	0.4%	TX	2,013	22,290	24,303	2.7%
LA	406	4,606	5,012	0.6%	UT	382	7,666	8,048	0.9%
MA	1,776	20,082	21,858	2.4%	VA	1,429	19,890	21,319	2.4%
MD	1,963	26,546	28,509	3.2%	VT	67	705	772	0.1%
ME	197	2,310	2,507	0.3%	WA	1,392	17,541	18,933	2.1%
MI	1,425	25,591	27,016	3.0%	WI	615	7,851	8,466	0.9%
MN	775	13,381	14,156	1.6%	WV	80	1,120	1,200	0.1%
MO	699	8,155	8,854	1.0%	WY	29	405	434	0.0%
MS	228	2,856	3,084	0.3%	Other <sup>2</sup>	129	3,065	3,194	0.4%

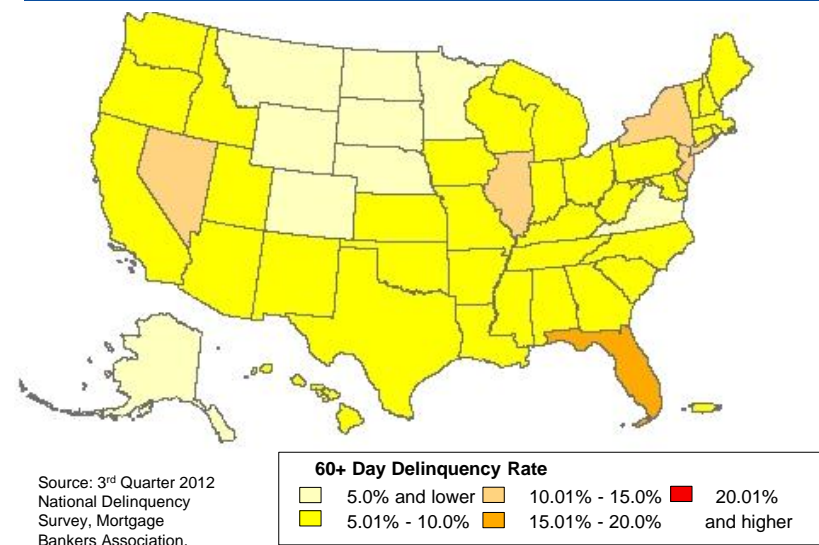
<sup>1</sup> Total reflects active trials and active permanent modifications.

<sup>2</sup> Includes Guam, Puerto Rico and the U.S. Virgin Islands.

## Modification Activity by State



## Mortgage Delinquency Rates by State





# Making Home Affordable: Summary Results

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## 15 Metropolitan Areas With Highest HAMP Activity

Metropolitan Statistical Area	Active Trials	Active Permanent Modifications	Total MSA HAMP Activity	% of U.S. HAMP Activity
Los Angeles-Long Beach-Santa Ana, CA	4,836	68,078	72,914	8.1%
New York-Northern New Jersey-Long Island, NY-NJ-PA	5,426	55,345	60,771	6.7%
Miami-Fort Lauderdale-Pompano Beach, FL	3,498	44,389	47,887	5.3%
Chicago-Joliet-Naperville, IL-IN-WI MSA	2,994	42,532	45,526	5.0%
Riverside-San Bernardino-Ontario, CA	2,323	42,638	44,961	5.0%
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,842	28,271	30,113	3.3%
Phoenix-Mesa-Glendale, AZ MSA	1,117	27,007	28,124	3.1%
Atlanta-Sandy Springs-Marietta, GA	1,746	24,459	26,205	2.9%
San Francisco-Oakland-Fremont, CA	1,406	18,888	20,294	2.2%
San Diego-Carlsbad-San Marcos, CA	1,021	15,817	16,838	1.9%
Las Vegas-Paradise, NV	888	15,617	16,505	1.8%
Detroit-Warren-Livonia, MI	864	15,494	16,358	1.8%
Orlando-Kissimmee-Sanford, FL MSA	1,029	15,018	16,047	1.8%
Boston-Cambridge-Quincy, MA-NH	1,240	14,473	15,713	1.7%
Sacramento-Arden-Arcade-Roseville, CA	888	14,286	15,174	1.7%

Note: Total reflects active trials and active permanent modifications.

A complete list of HAMP activity for all metropolitan areas is available at <http://www.treasury.gov/initiatives/financial-stability/results/MHA-Reports/>

## Homeowner's HOPE™ Hotline Volume

	Program to Date	October
Total Number of Calls Taken at 1-888-995-HOPE	3,454,706	64,356
Borrowers Referred for Free Housing Counseling Assistance Through the Homeowner's HOPE™ Hotline	1,665,646	32,957

Source: Homeowner's HOPE™ Hotline. Numbers reflect calls that resulted in customer records.

## Selected Homeowner Outreach Measures

Homeowner Outreach Events Hosted Nationally by Treasury and Partners (cumulative)	78
Homeowners Attending Treasury-Sponsored Events (cumulative)	69,288
Servicer Solicitation of Borrowers (cumulative) <sup>1</sup>	8,820,907
Page views on <a href="http://MakingHomeAffordable.gov">MakingHomeAffordable.gov</a> (October 2012)	1,993,497
Page views on <a href="http://MakingHomeAffordable.gov">MakingHomeAffordable.gov</a> (cumulative)	159,890,203

<sup>1</sup> Source: Survey data provided by SPA servicers. Servicers are encouraged by HAMP to solicit information from borrowers 60+ days delinquent, regardless of eligibility for a HAMP modification.

# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## HAMP Modification Activity by Servicer

Servicer	Estimated Eligible 60+ Day Delinquent Borrowers <sup>1</sup>	Trial Plan Offers Extended <sup>2</sup>	All HAMP Trials Started <sup>3</sup>	All HAMP Permanent Modifications Started <sup>3</sup>	Active Trial Modifications <sup>3</sup>	Active Trial Modifications Lasting 6 Months or Longer <sup>4</sup>	Active Permanent Modifications <sup>3</sup>
Bank of America, N.A.	118,726	552,599	347,813	164,507	12,375	5,615	119,529
CitiMortgage, Inc.	29,776	211,962	140,857	66,472	2,988	885	52,459
GMAC Mortgage, LLC	25,141	111,269	75,123	57,405	2,265	21	42,595
Homeward Residential, Inc.	27,582	54,633	50,196	41,559	2,407	203	31,207
JPMorgan Chase Bank, N.A.	86,402	412,026	325,214	180,838	11,266	506	139,713
Ocwen Loan Servicing, LLC	73,525	108,993	159,799	97,721	6,611	918	68,445
OneWest Bank	19,315	96,702	64,874	42,824	1,635	147	35,006
Select Portfolio Servicing	23,568	74,409	60,051	34,929	1,130	256	24,986
Wells Fargo Bank, N.A.	89,128	243,464	278,748	150,772	10,946	1,377	119,236
Other Servicers	227,319	285,278	438,353	269,572	10,305	1,262	207,659
<b>Total</b>	<b>720,482</b>	<b>2,151,335</b>	<b>1,941,028</b>	<b>1,106,599</b>	<b>61,928</b>	<b>11,190</b>	<b>840,835</b>

<sup>1</sup> Estimated eligible 60+ day delinquent borrowers based on survey information as submitted by servicers as of September 30, 2012, include those in conventional loans:

- in foreclosure and bankruptcy.
- with a current unpaid principal balance less than \$729,750 on a one-unit property, \$934,200 on a two-unit property, \$1,129,250 on a three-unit property and \$1,403,400 on a four-unit property.
- on a property that was owner-occupied at origination.
- originated on or before January 1, 2009.

Estimated eligible 60+ day delinquent borrowers exclude:

- those in FHA and VA loans.
- those in loans that are current or less than 60 days delinquent, which

may be eligible for HAMP if a borrower is in imminent default.

- those borrowers with debt-to-income ratios less than 31% or a negative NPV test.
- owners of vacant properties or properties otherwise excluded.
- HAMP Trials and Permanent Modifications disqualified from HAMP.
- unemployed borrowers.

Exclusions for DTI and NPV are estimated using market analytics.

<sup>2</sup> As reported in the monthly servicer survey of large SPA servicers through October 31, 2012. Servicers began accepting HAMP Tier 2 modification requests as of June 1, 2012 and some servicers have begun to include trial plans offered under the HAMP Tier 2 eligibility requirements. The reduction is due to Wells Fargo, N.A. restating the number of trial plan offers extended from the previous month.

<sup>3</sup> As reported into the HAMP system of record by servicers. Excludes FHA-HAMP modifications. Subject to adjustment based on servicer reconciliation of historic loan files. Totals reflect impact of servicing transfers. Servicers may enter new trial modifications into the HAMP system of record at any time.

<sup>4</sup> These figures include trial modifications that have been converted to permanent modifications or cancelled by the servicer, but not reported as such to the HAMP system of record.

# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Making Home Affordable Programs by Servicer<sup>1</sup>

Servicer	HAMP First Lien Modifications		Principal Reduction Alternative (PRA) <sup>2</sup>		Second Lien Modification (2MP)	Home Affordable Foreclosure Alternatives (HAFA)	
	Trials Started <sup>3</sup>	Permanent Modifications Started <sup>3</sup>	Trials Started <sup>3</sup>	Permanent Modifications Started <sup>3</sup>	Second Lien Modifications Started <sup>4</sup>	Transactions Started <sup>5</sup>	Transactions Completed
Bank of America, N.A.	347,813	164,507	13,786	11,448	33,044	26,405	25,308
CitiMortgage, Inc.	140,857	66,472	2,385	1,923	12,248	803	528
GMAC Mortgage, LLC	75,123	57,405	2,876	2,030	4,404	4,285	3,005
Homeward Residential, Inc.	50,196	41,559	0	0	N/A	1,373	739
JPMorgan Chase Bank, N.A.	325,214	180,838	26,599	20,680	27,728	39,360	27,623
Ocwen Loan Servicing, LLC	159,799	97,721	26,320	19,332	N/A	3,235	1,564
OneWest Bank	64,874	42,824	5,898	5,088	3,132	4,464	2,446
Select Portfolio Servicing	60,051	34,929	2,291	2,048	N/A	3,109	2,463
Wells Fargo Bank, N.A.	278,748	150,772	20,999	16,694	14,504	17,740	11,460
Other Servicers	438,353	269,572	3,037	2,466	4,097	6,343	5,127
<b>Total</b>	<b>1,941,028</b>	<b>1,106,599</b>	<b>104,191</b>	<b>81,709</b>	<b>99,157</b>	<b>107,117</b>	<b>80,263</b>

<sup>1</sup> MHA Program Effective Dates:

HAMP First Lien: April 6, 2009

PRA: October 1, 2010

2MP: August 13, 2009

HAFA: April 5, 2010

<sup>2</sup> While both GSE and non-GSE loans are eligible for HAMP, at the present time due to GSE policy, servicers can only offer PRA on non-GSE modifications under HAMP. Servicer volume can vary based on the investor composition of the servicer's portfolio and respective policy with regards to PRA. See page 7 for additional servicer detail on HAMP activity by investor type.

<sup>3</sup> As reported into the HAMP system of record by servicers. Excludes FHA-HAMP modifications. Subject to adjustment based on servicer reconciliation of historic loan files. Totals reflect impact of servicing transfers. Servicers may enter new trial modifications into the HAMP system of record at any time.

<sup>4</sup> Number of second lien modifications started is net of cancellations, which are primarily due to servicer data corrections.

<sup>5</sup> Servicer agreement with homeowner for terms of potential short sale, which lasts at least 120 days; or agreement for a deed-in-lieu transaction. A short sale requires a third-party purchaser and cooperation of junior lienholders and mortgage insurers to complete the transaction.

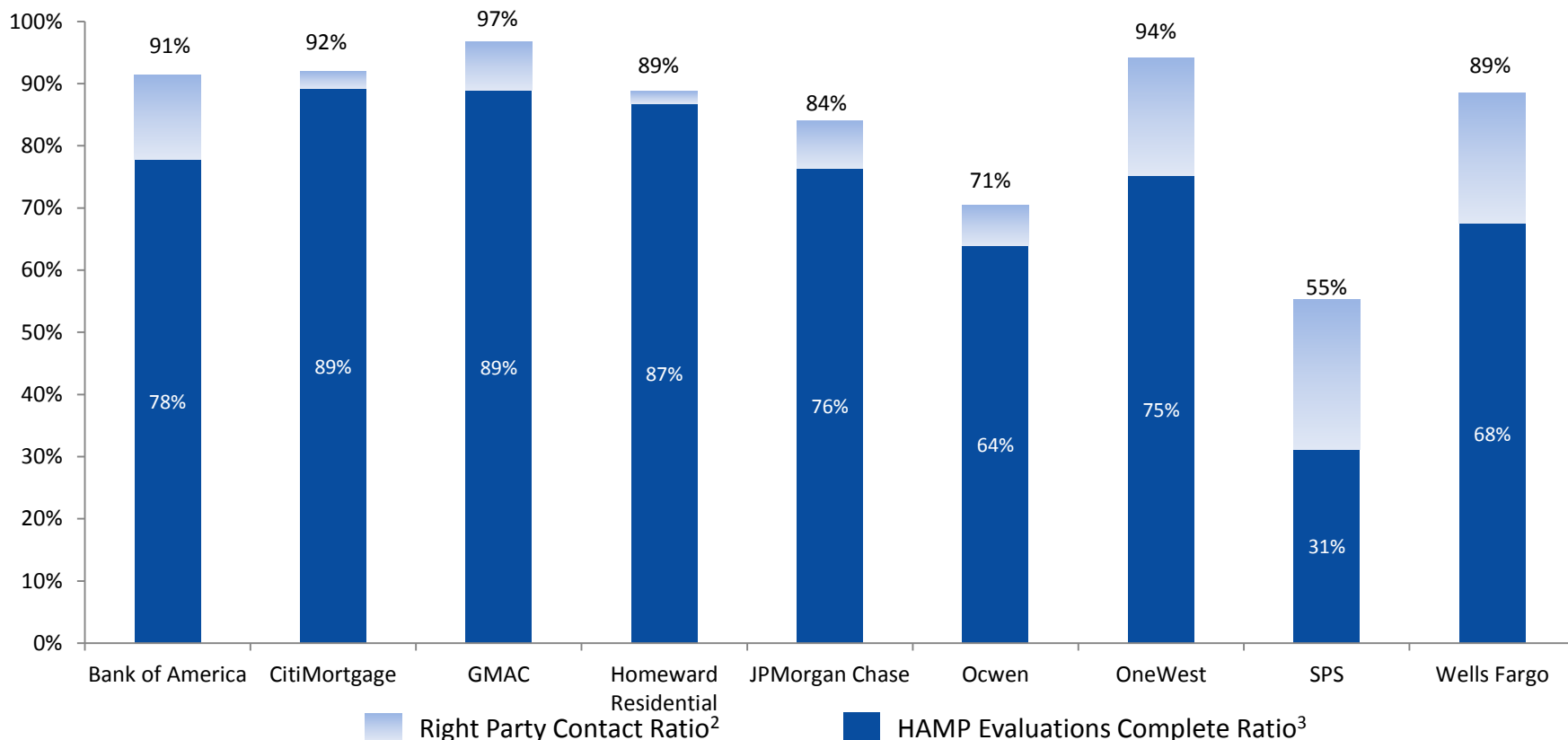
N/A – Servicer does not participate in the program.

# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Servicer Outreach to 60+ Day Delinquent Homeowners: Cumulative Servicer Results, October 2011 – September 2012

Per program guidance, servicers are directed to establish Right Party Contact (RPC) with homeowners of delinquent HAMP eligible loans<sup>1</sup> and then evaluate the homeowners' eligibility for HAMP. There is a range of performance results across top program servicers with respect to making RPC and completing the evaluations.



<sup>1</sup> Homeowners with HAMP eligible loans, which include conventional loans that were originated on or before 1/1/2009; excludes loans with current unpaid principal balances greater than current conforming loan limits, FHA and VA loans, loans where investor pooling and servicing agreements preclude modification, and manufactured housing loans with title/chattel issues that exclude them from HAMP. Treasury has expanded HAMP's eligibility criteria to include a "Tier 2" evaluation designed to provide help for borrowers with a financial hardship whose debt-to-income ratio is below 31 percent, who have properties occupied by a tenant or who have vacant properties that the borrower intends to rent. Servicers began accepting HAMP Tier 2 modification requests as of 6/1/2012 and are including HAMP Tier 2 eligible loans in the outreach survey data shown here.

<sup>2</sup> Right Party Contact (RPC) is achieved when a servicer has successfully communicated directly with the homeowner obligated under the mortgage about resolution of their delinquency in accordance with program guidelines. The RPC ratio reflects the share of homeowners with which the servicer has established RPC as a percent of HAMP eligible loans, excluding homeowners where RPC or HAMP evaluation is no longer needed.

<sup>3</sup> HAMP evaluations complete ratio reflects the share of homeowners who have been evaluated for HAMP as a percent of HAMP eligible loans, excluding homeowners where RPC or HAMP evaluation is no longer needed. Evaluated homeowners include those offered a trial plan, those that are denied or did not accept a trial plan and homeowners that failed to submit a complete HAMP evaluation package by program-specified timelines.

# Making Home Affordable: Servicer Results

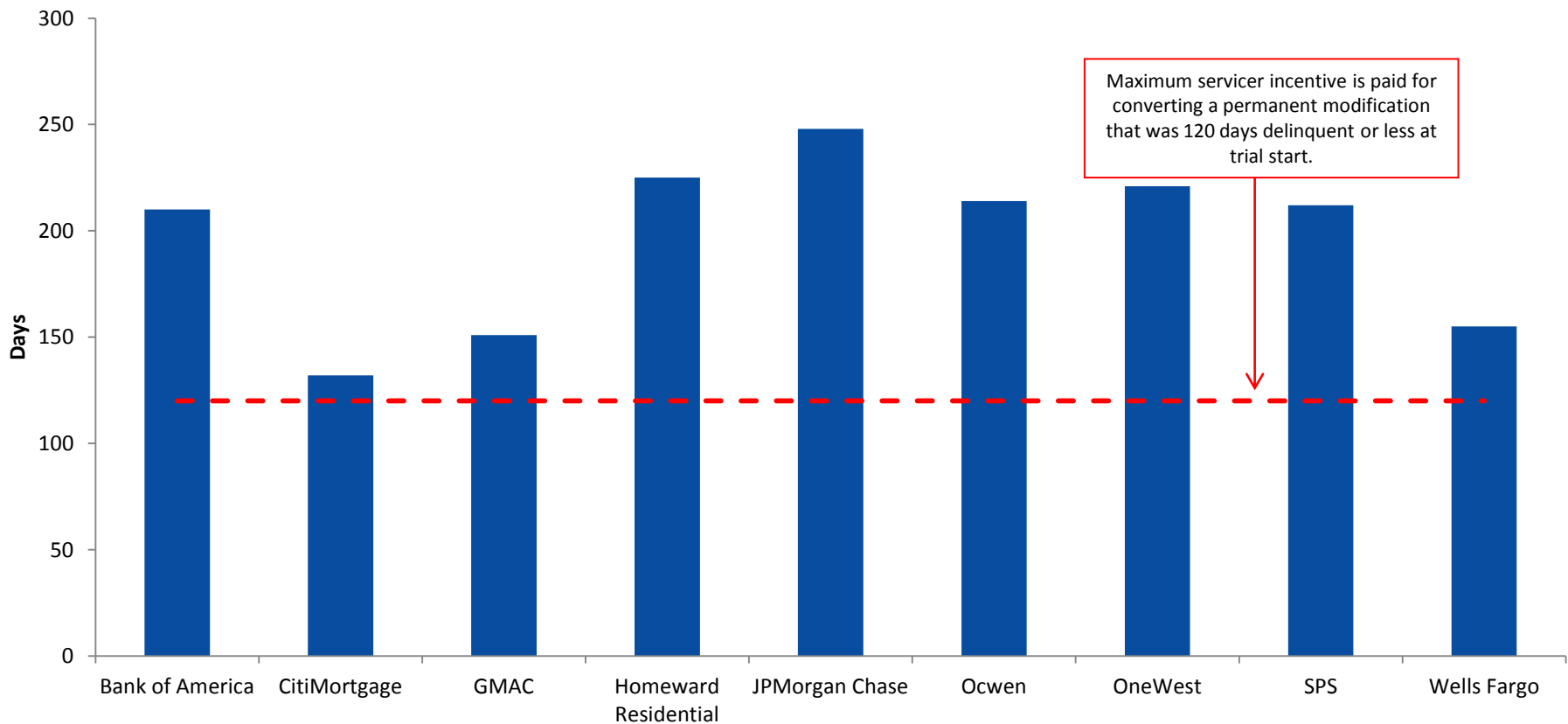
Program Performance Report Through October 2012

## Average Homeowner Delinquency at Trial Start<sup>1</sup>

Servicers are instructed to follow a series of steps in order to evaluate homeowners for HAMP, including:

- Identifying and soliciting the homeowners in the early stages of delinquency;
- Making reasonable efforts to establish right party contact with the homeowners;
- Gathering required documentation once contact is established in order to evaluate the homeowners for a HAMP trial; and,
- Communicating decisions to the homeowners.

Effective 10/1/11, a new servicer compensation structure exists to encourage servicers to work with struggling homeowners in the early stages of delinquency with the highest incentives paid for permanent modifications completed when the homeowner is 120 days delinquent or less at the trial start.



<sup>1</sup> For all permanent modifications started, the average number of days delinquent as of the trial plan start date. Delinquency is calculated as the number of days between the homeowner's last paid installment before the trial plan and the first payment due date of the trial plan.

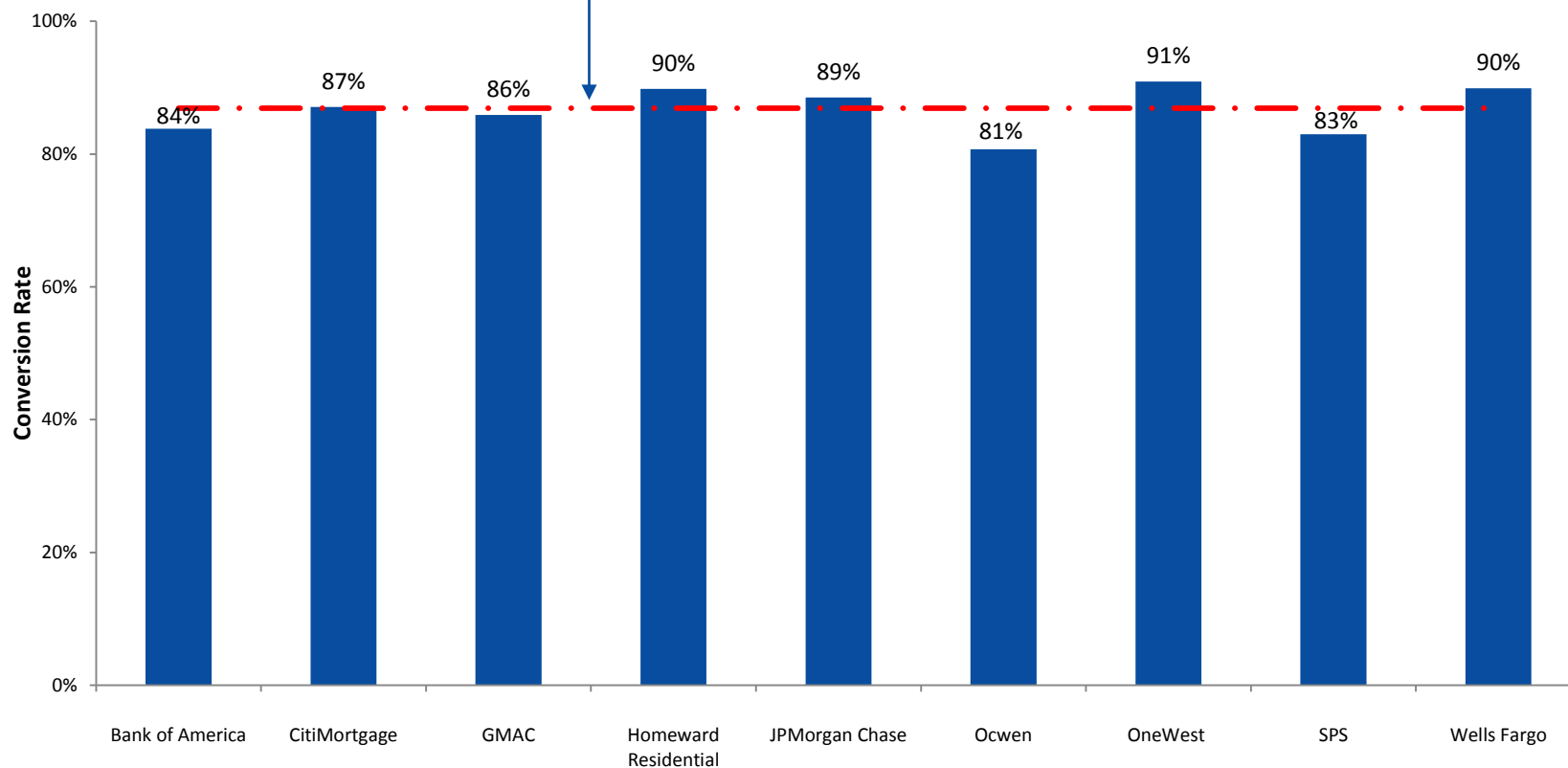
# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Conversion Rate<sup>1</sup>

Per program guidelines, effective June 1, 2010, all trials must be started using verified income documentation. Of eligible trials started on or after June 1, 2010, 87% have converted to permanent modification with an average trial length of 3.5 months. Prior to June 1, 2010, some servicers initiated trials using stated income information. Of trials started prior to June 1, 2010, 44% have converted to permanent modification.

**Average Of Eligible Trials Started On/After 6/1/10**  
87% Converted to Permanent Modification  
3% Pending Processing or Decision



<sup>1</sup> Chart depicts conversion rates as measured against trials eligible to convert - those three months in trial, or four months if the borrower was at risk of imminent default at trial modification start. Permanent modifications transferred among servicers are credited to the originating servicer. However, trial modifications transferred are reflected in the current servicer's population. A servicer's conversion rate can be negatively impacted by the transfer of trial modifications.

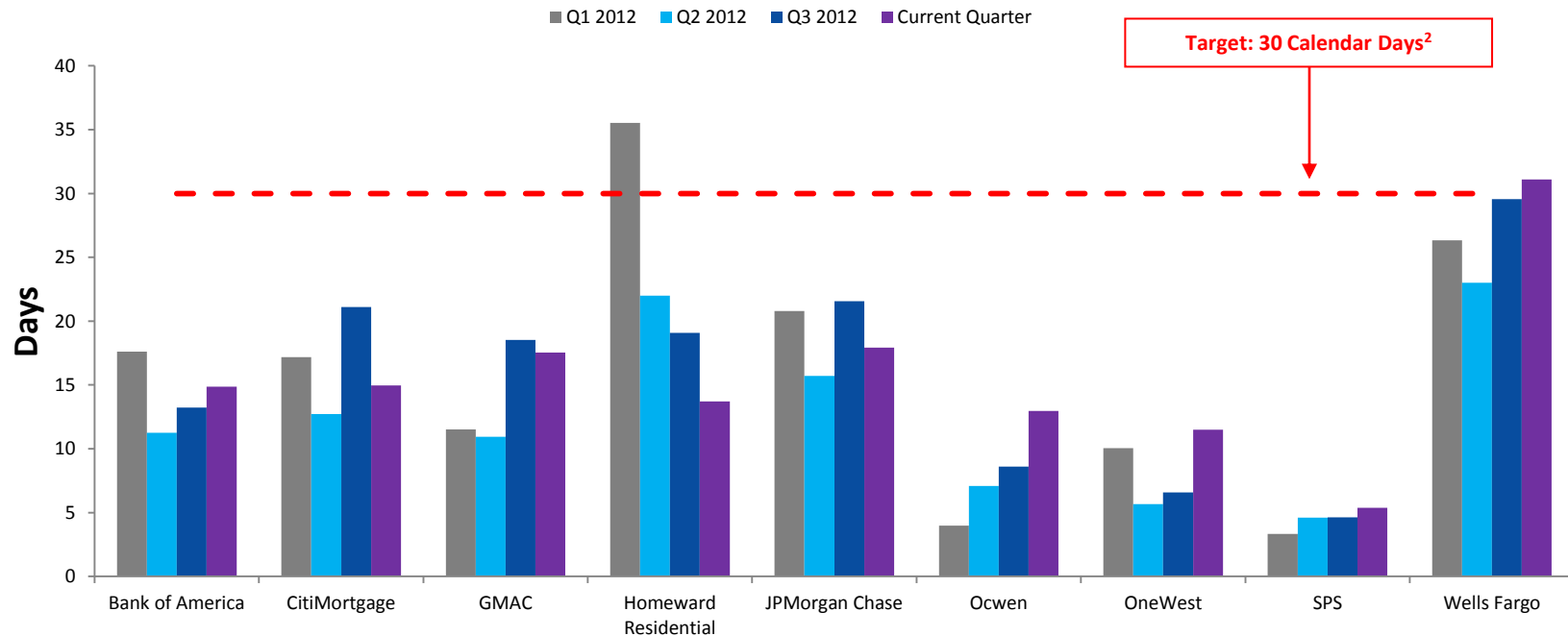


# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Servicer Time to Resolve Non-GSE Escalations: Average Resolution Time by Quarter in Which Escalations were Resolved<sup>1</sup>

Servicers are required to resolve borrower inquiries and disputes that are escalated by the MHA Support Centers. Escalated cases include allegations that the servicer did not properly assess the homeowner according to program guidelines, inappropriately denied the homeowner for applicable MHA program(s), or initiated or continued inappropriate foreclosure actions. Effective February 1, 2011, the servicers are directed to review and resolve non-GSE escalated cases within 30 calendar days from receipt of the case by the escalating party. Over the last two quarters, all of the nine largest servicers' non-GSE resolved cases have an average resolution time below the 30 day target.



		Bank of America	CitiMortgage	GMAC	Homeward Residential	JPMorgan Chase	Ocwen	OneWest	SPS	Wells Fargo
Resolved Cases <sup>3</sup>	GSE Cases	6,725	987	404	45	2,156	229	522	8	1,707
	Non-GSE Cases	8,147	711	613	1,141	3,407	1,856	721	286	3,403
	<b>Total</b>	<b>14,872</b>	<b>1,698</b>	<b>1,017</b>	<b>1,186</b>	<b>5,563</b>	<b>2,085</b>	<b>1,243</b>	<b>294</b>	<b>5,110</b>
Active Cases	<b>Total</b>	<b>175</b>	<b>26</b>	<b>10</b>	<b>28</b>	<b>90</b>	<b>17</b>	<b>10</b>	<b>7</b>	<b>113</b>

<sup>1</sup> Non-GSE escalations only; excludes cases escalated to the MHA Support Centers but not yet escalated to servicers. Average resolution time calculation excludes cases referred to servicers prior to February 1, 2011, 'Investor denial' cases referred to servicers between February 1, 2011 and November 1, 2011, cases involving bankruptcy, and cases that did not require servicer actions.

<sup>2</sup> Target of 30 calendar days includes an estimated 5 days of processing by MHA Support Centers.

<sup>3</sup> Resolved cases include all escalations resolved on or after February 1, 2011 through October 31, 2012 and exclude those that did not require servicer actions.

# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Disposition Path Homeowners in Canceled HAMP Trial Modifications Survey Data Through September 2012 (Largest Servicers)

### Status of Homeowners Whose HAMP Trial Modification Was Canceled:

Servicer	Action Pending <sup>1</sup>	Action Not Allowed – Bankruptcy in Process	Borrower Current	Alternative Modification	Payment Plan <sup>2</sup>	Loan Payoff	Short Sale/ Deed-in-Lieu	Foreclosure Starts	Foreclosure Completions	Total (As of September 2012)
Bank of America, N.A.	5,899	5,052	14,578	64,666	1,501	6,598	21,954	16,505	31,505	168,258
CitiMortgage Inc.	1,755	6,402	6,707	26,874	1,903	3,359	6,194	4,085	11,479	68,758
GMAC Mortgage, LLC	327	306	1,069	6,974	14	715	1,467	1,579	2,456	14,907
Homeward Residential, Inc.	196	117	495	2,706	85	613	446	753	179	5,590
JPMorgan Chase Bank, N.A.	4,178	3,489	21,205	40,633	1,379	2,304	14,866	13,342	14,335	115,731
Ocwen Loan Services, LLC	2,557	2,214	2,982	24,088	3,491	758	1,216	6,746	4,788	48,840
OneWest Bank	152	249	467	12,170	44	113	1,269	1,478	4,400	20,342
Select Portfolio Servicing	706	235	964	4,853	218	315	1,329	661	3,400	12,681
Wells Fargo Bank, N.A.	1,180	4,575	9,353	40,929	684	8,235	8,530	15,596	26,894	115,976
<b>TOTAL (These Largest Servicers)</b>	<b>16,950</b>	<b>22,639</b>	<b>57,820</b>	<b>223,893</b>	<b>9,319</b>	<b>23,010</b>	<b>57,271</b>	<b>60,745</b>	<b>99,436</b>	<b>571,083</b>
	<b>3.0%</b>	<b>4.0%</b>	<b>10.1%</b>	<b>39.2%</b>	<b>1.6%</b>	<b>4.0%</b>	<b>10.0%</b>	<b>10.6%</b>	<b>17.4%</b>	<b>100%</b>

The most common causes of trial cancellations from all servicers are:

- Insufficient documentation
- Trial plan payment default
- Ineligible borrower: first lien housing expense is already below 31% of household income

Note: Data is as reported by servicers for actions completed through September 30, 2012. Survey data is not subject to the same data quality checks as data uploaded into the HAMP system of record.

<sup>1</sup> Trial loans that have been canceled, but no further action has yet been taken.

<sup>2</sup> An arrangement with the borrower and servicer that does not involve a formal loan modification.

Note: Excludes cancellations pending data corrections and loans otherwise removed from servicing portfolios.

See Appendix A1 and A2 for additional information on servicer participants in Making Home Affordable programs.

# Making Home Affordable: Servicer Results

Program Performance Report Through October 2012

## Disposition Path Homeowners Not Accepted for HAMP Trial Modifications Survey Data Through September 2012 (Largest Servicers)

### Status of Homeowners Not Accepted for a HAMP Trial Modification:

Servicer	Action Pending <sup>1</sup>	Action Not Allowed – Bankruptcy in Process	Borrower Current	Alternative Modification	Payment Plan <sup>2</sup>	Loan Payoff	Short Sale/Deed-in-Lieu	Foreclosure Starts	Foreclosure Completions	Total (As of September 2012)
Bank of America, N.A.	19,086	14,370	80,941	143,771	7,677	22,364	46,636	45,992	58,364	439,201
CitiMortgage Inc.	10,152	16,642	23,631	61,979	8,487	6,438	21,438	14,393	24,249	187,409
GMAC Mortgage, LLC	7,036	4,470	38,285	51,840	731	11,206	14,818	14,399	18,909	161,694
Homeward Residential, Inc.	2,441	1,962	17,010	45,448	1,554	5,712	4,062	9,417	2,214	89,820
JPMorgan Chase Bank, N.A.	20,189	16,511	138,078	142,824	8,512	63,516	68,332	51,458	37,399	546,819
Ocwen Loan Services, LLC	12,853	6,901	25,769	109,782	10,506	5,320	5,898	18,425	15,001	210,455
OneWest Bank	3,690	2,437	31,095	43,064	916	4,120	7,029	9,189	13,331	114,871
Select Portfolio Servicing	2,319	441	3,075	6,831	355	461	2,517	1,393	2,953	20,345
Wells Fargo Bank, N.A.	14,638	9,897	57,847	46,250	1,443	18,906	33,316	28,701	34,191	245,189
<b>TOTAL (These Largest Servicers)</b>	<b>92,404</b>	<b>73,631</b>	<b>415,731</b>	<b>651,789</b>	<b>40,181</b>	<b>138,043</b>	<b>204,046</b>	<b>193,367</b>	<b>206,611</b>	<b>2,015,803</b>
	<b>4.6%</b>	<b>3.7%</b>	<b>20.6%</b>	<b>32.3%</b>	<b>2.0%</b>	<b>6.8%</b>	<b>10.1%</b>	<b>9.6%</b>	<b>10.2%</b>	<b>100.0%</b>

The most common causes of trials not accepted from all servicers are:

- Insufficient documentation
- Ineligible borrower: first lien housing expense is already below 31% of household income
- Offer not accepted by borrower/request withdrawn

Note: Data is as reported by servicers for actions completed through September 30, 2012. Survey data is not subject to the same data quality checks as data uploaded into the HAMP system of record.

<sup>1</sup> Homeowners who were not approved for a HAMP trial modification, but no further action has yet been taken.

<sup>2</sup> An arrangement with the borrower and servicer that does not involve a formal loan modification.

Note: Excludes loans removed from servicing portfolios.

See Appendix A1 and A2 for additional information on servicer participants in Making Home Affordable programs.

### **Background**

Since the Making Home Affordable Program's (MHA) inception in the spring of 2009, Treasury has monitored the performance of participating mortgage servicers. Treasury has been publicly reporting information about servicer performance through two types of data: compliance data, which reflects servicer compliance with specific MHA guidelines; and program results data, which reflects how timely and effectively servicers assist eligible homeowners and report program activity.

When MHA began, most servicers did not have the staff, procedures, or systems in place to respond to the volume of homeowners struggling to pay their mortgages, or to respond to the housing crisis generally. Very few mortgage modifications were even occurring. Treasury sought to get servicers to join MHA and to improve their operations quickly, so as to implement a national mortgage modification program.

Through ongoing compliance reviews, Treasury has required participating servicers to take specific actions to improve their servicing processes. While the servicers have improved their performance, they still have more progress to make. Toward that end, Treasury is publishing servicer assessments for the largest servicers participating in MHA. Not only do the assessments provide more transparency to the public about servicer performance in the program, but the assessments are also intended to encourage servicers to correct identified instances of non-compliance.

Servicer participation in MHA is voluntary, based on a contract with Fannie Mae as financial agent on behalf of Treasury. Although Treasury does not regulate these institutions and does not have the authority to impose fines or penalties, Treasury can, pursuant to the contract, take certain remedial actions against servicers not in compliance with MHA guidelines. Such remedial actions include requiring servicers to correct identified instances of non-compliance, as noted above. In addition, Treasury can implement financial remedies such as withholding incentive payments owed to servicers. Such incentive payments, which are the only payments Treasury makes for the benefit of servicers under the program, include payments for every successful permanent modification under the Home Affordable Modification Program, and payments for completed short sale/deed-in-lieu

transactions pursuant to the Home Affordable Foreclosure Alternative Program.

It is important to note that Treasury's compliance work related to MHA applies only to those servicers that have agreed to participate in MHA for mortgage loans that are not owned or guaranteed by Fannie Mae or Freddie Mac (Government Sponsored Enterprises, or GSEs). Treasury cannot and does not perform compliance reviews of (1) mortgage loans or activities that fall outside of MHA, (2) GSE loans or (3) those loans insured through the Federal Housing Administration. For each servicer, the loans that are eligible for MHA represent only a portion of that servicer's overall mortgage servicing operation.

Treasury's foremost goal is to assist struggling homeowners who may be eligible for MHA. These servicer assessments set a new benchmark for providing detailed information about how mortgage servicers are performing against key metrics. But, in addition to this direct effect, MHA has had an important indirect effect on the market as well. MHA has established standards that have improved mortgage modifications across the industry, and has led to important changes in the way mortgage servicers assist struggling homeowners generally. These changes include standards for how mortgage modifications should be designed so that they are sustainable, standards for communications with homeowners so that the process is as efficient and as understandable as possible, and a variety of standards for protecting homeowners, such as prohibitions on "dual tracking" – simultaneously evaluating a homeowner for a modification while proceeding to foreclose. Going forward, Treasury hopes these assessments will also set the standard for transparency about mortgage servicer efforts to assist homeowners.

Below are general descriptions of the data, the evaluation process, and the consequences for servicers needing improvement.

*(Continued on next page)*

### **The Performance Data: Compliance and Program Results**

Freddie Mac, acting as Treasury's compliance agent for MHA, has created a separate division known as Making Home Affordable–Compliance (MHA-C) to evaluate servicer performance through reviews of program compliance. MHA-C tests and evaluates a range of servicer activities for compliance with MHA guidelines. Once MHA-C's reviews are complete, MHA-C shares its results with the servicers and identifies areas that need remediation. Each compliance activity tested falls into one of three overall compliance categories – Identifying and Contacting Homeowners, Homeowner Evaluation and Assistance, and Program Management, Reporting and Governance. The compliance results shared with the servicers are then used to generate the servicer assessments.

The assessments highlight particular compliance activities tested by MHA-C that had significant impact on homeowners and include for those highlighted activities a one-star, two-star, or three-star rating for the most recent evaluations. One star means the servicer did not meet Treasury's benchmark required for that particular activity, and the servicer needs substantial improvement in its performance of that activity. Two stars mean the servicer did not meet Treasury's benchmark required for that particular activity, and the servicer needs moderate improvement in its performance of that activity. Three stars mean the servicer met Treasury's benchmark required for that particular activity, but the servicer may nonetheless need minor improvement in its performance of that activity.

Although the compliance reviews emphasize objective measurements and observed facts, compliance reviews still involve a certain level of judgment. Compliance reviews are also retrospective in nature – looking backward, not forward, which means that activities identified as needing improvement in a given quarter may already be under remediation by the servicer. In addition, not every compliance activity is evaluated every quarter, which means that a rating from one quarter might carry forward to the subsequent quarter's assessment if that activity was not retested in that subsequent quarter. Finally, the compliance reviews use "sampling" as a testing methodology. Sampling, an industry-accepted auditing technique, looks at a subset of a particular population of activity transactions, rather than the entirety of the population of activity transactions, to extrapolate a servicer's overall performance in that particular activity.

In addition to the ratings for compliance data, the assessments also include

program results metrics. Fannie Mae, acting as Treasury's program administrator for MHA, collects servicer data used to measure program results. These metrics are key indicators of how timely and effectively servicers assist eligible homeowners under MHA guidelines and report program data. Although the servicers are not given an overall rating for this data, the results metrics nonetheless compare a servicer's performance for a given quarter against the "best" and "worst" performing servicer of the largest servicers participating in the program. The results metrics provide a snapshot of how each of those servicers compares in specific areas under MHA.

### **The Determination Process: Results of the Data**

Treasury reviews the compliance data and ratings, the program results metrics, and other relevant factors affecting servicer performance (including, but not limited to, a servicer's progress in implementing previously identified improvements) in determining whether a servicer needs substantial improvement, moderate improvement, or minor improvement to its performance under MHA guidelines. The assessments summarize the significant factors impacting those decisions. Based on those assessments, Treasury may take remedial action against servicers. Page 20 summarizes the overall level of improvement needed for each servicer.

### **Consequences for Servicers**

For servicers in need of substantial improvement, Treasury will, absent extenuating circumstances, withhold financial incentives owed to those servicers until they make certain identified improvements. In certain cases, particularly where there is a failure to correct identified problems within a reasonable time, Treasury may also permanently reduce the financial incentives. Servicers in need of moderate improvement may be subject to withholding in the future if they fail to make certain identified improvements. All withholdings apply only to incentives owed to servicers for their participation in MHA; these withholdings do not apply to incentives paid to servicers for the benefit of homeowners or investors.

### **Additional Information**

See the "Metrics Description" on page 43 for a description of each of the compliance and results metrics presented in the assessments. For more information on the assessments, please visit: [www.FinancialStability.gov](http://www.FinancialStability.gov).

### 3<sup>rd</sup> Quarter 2012 Servicer Assessment Results

The following table details the results of the Servicer Assessments, based on compliance and program results:

Improvement Needed	Servicer Name
Substantial	
Moderate	Bank of America, N.A. CitiMortgage, Inc. GMAC Mortgage, LLC Homeward Residential, Inc. JPMorgan Chase Bank, N.A. Ocwen Loan Servicing, LLC Wells Fargo Bank, N.A.
Minor	OneWest Bank Select Portfolio Servicing

For the third quarter of 2012, OneWest Bank and Select Portfolio Servicing were determined to need **minor improvement** in their performance under MHA guidelines.

CitiMortgage, Inc. was determined to need **moderate improvement** and their compliance results for the third quarter approached the level required for a determination of minor improvement.

Bank of America, N.A., GMAC Mortgage, LLC, Homeward Residential, Inc., JPMorgan Chase Bank, N.A., Ocwen Loan Servicing, LLC, and Wells Fargo Bank, N.A. were also found to need **moderate improvement**.

Please refer to the following MHA Servicer Assessment pages for further detail on the Third Quarter 2012 servicer assessment results.

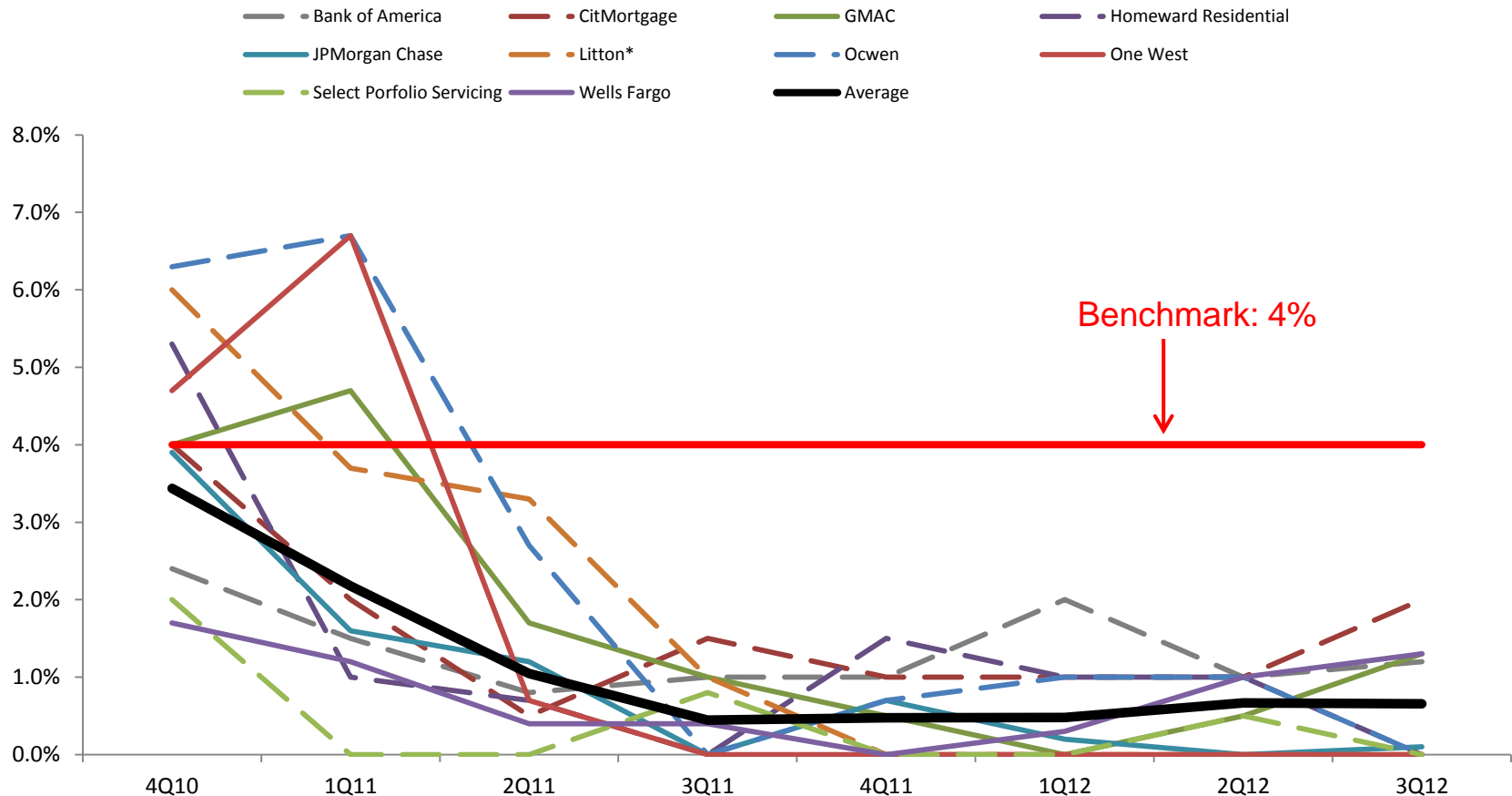


# MHA Servicer Assessment

## Overview

### MHA Compliance Results, Loan File Review: Second Look % Disagree, 4<sup>th</sup> Quarter 2010<sup>1</sup>-3<sup>rd</sup> Quarter 2012

**Second Look % Disagree:** Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination. Treasury's benchmark is that the second look % disagree must be less than 4%. The first servicer assessment results published by Treasury covered the first quarter of 2011. The chart shows the change in performance from the quarter preceding the first published assessments (fourth quarter of 2010) through the most recent assessment.



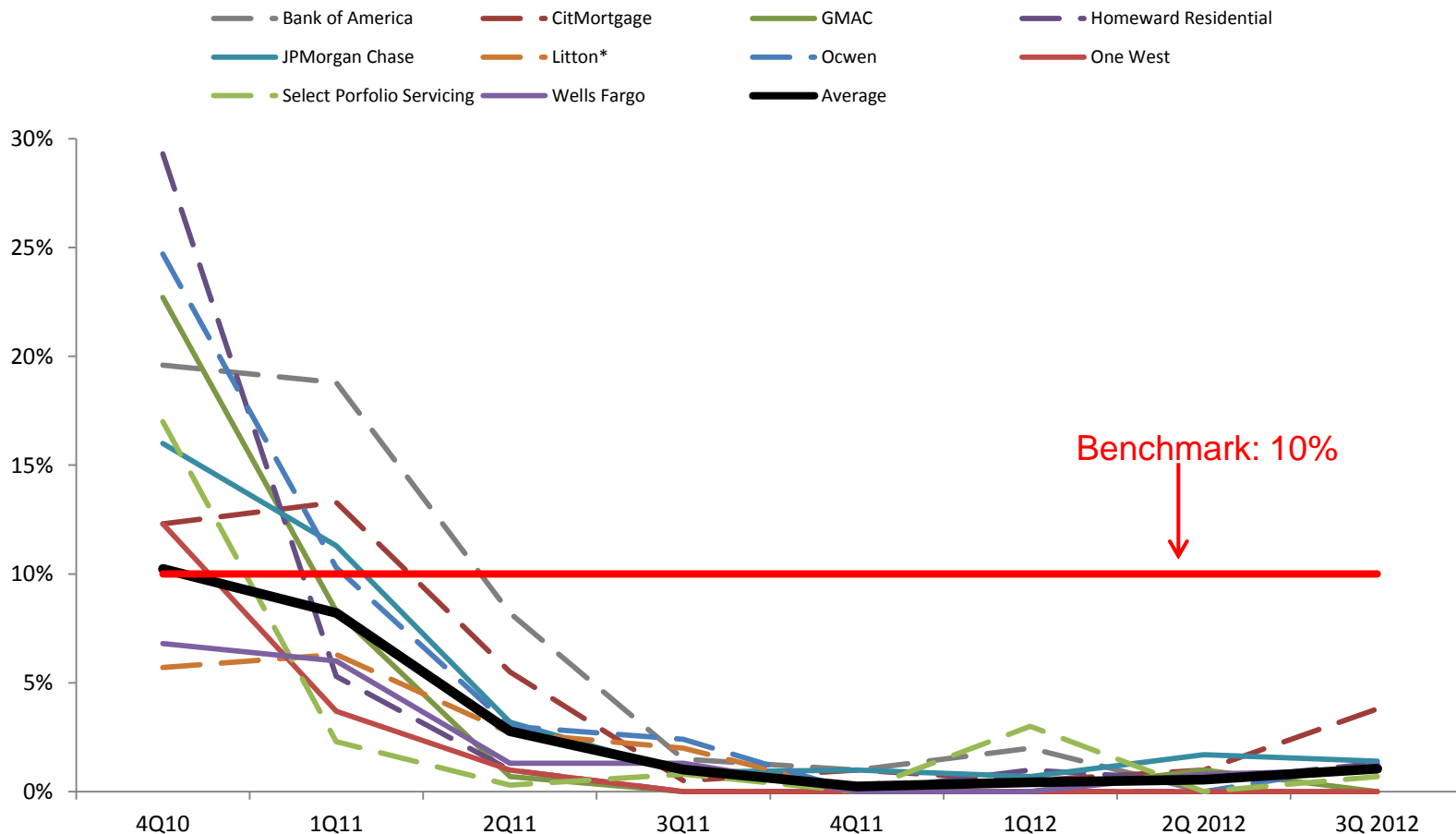
\*Effective November 1, 2011 Litton Loan Servicing, LP transferred its loan portfolio to Ocwen Loan Servicing, LLC.

# MHA Servicer Assessment

## Overview

### MHA Compliance Results, Loan File Review: Second Look % Unable to Determine, 4<sup>th</sup> Quarter 2010-3<sup>rd</sup> Quarter 2012

**Second Look % Unable to Determine:** Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination. Treasury's benchmark is that the second look % unable to determine must be less than 10%. The first servicer assessment results published by Treasury covered the first quarter of 2011. The chart shows the change in performance from the quarter preceding the first published assessments (fourth quarter of 2010) through the most recent assessment.



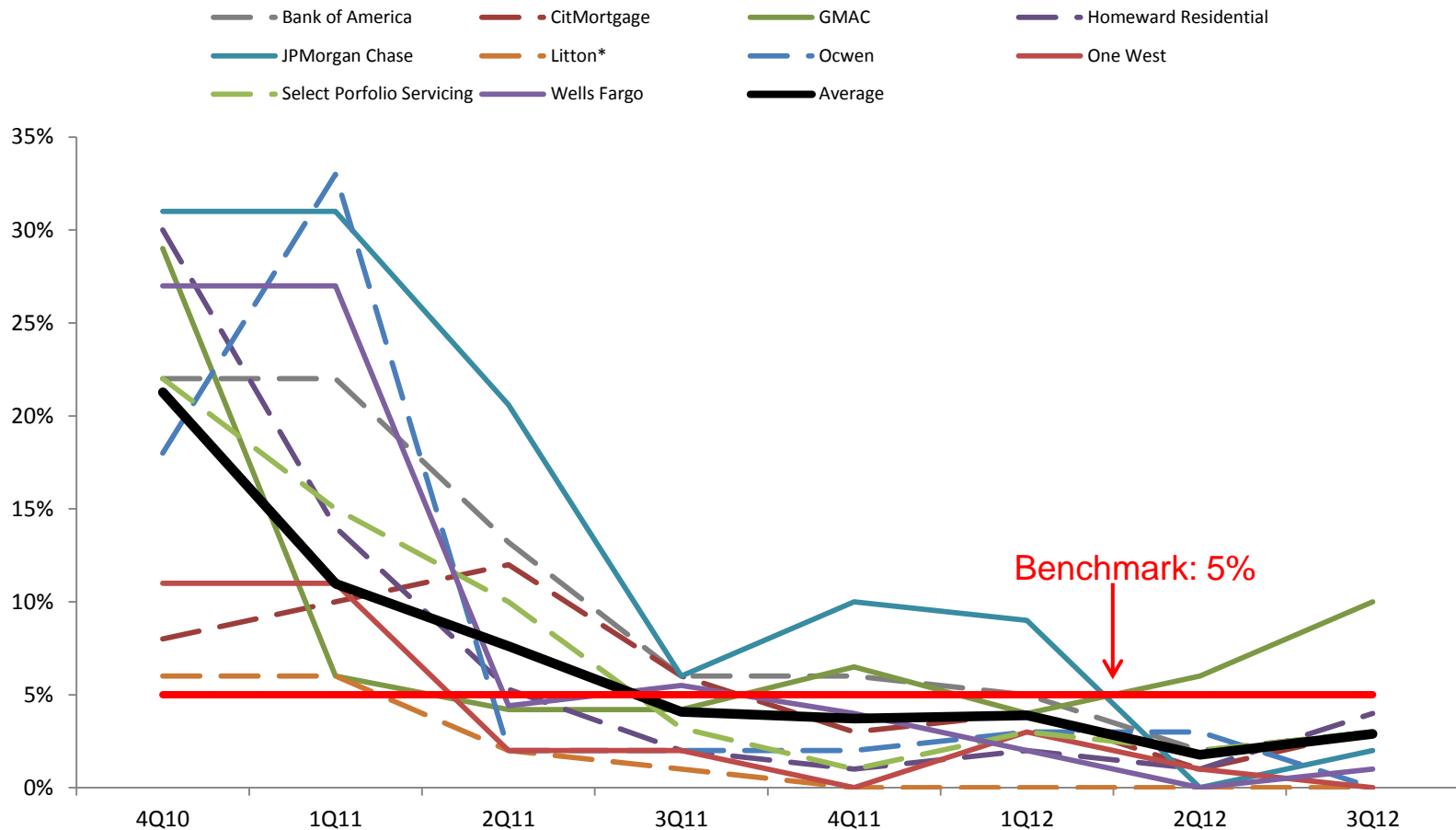
\*Effective November 1, 2011 Littion Loan Servicing, LP transferred its loan portfolio to Ocwen Loan Servicing, LLC.

# MHA Servicer Assessment

## Overview

### MHA Compliance Results, Loan File Review: Income Calculation Error %, 4<sup>th</sup> Quarter 2010-3<sup>rd</sup> Quarter 2012

**Income Calculation Error %:** Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%. Treasury's benchmark is that the income calculation error % must be less than 5%. Correctly calculating homeowner monthly income is a critical component of evaluating eligibility for MHA, as well as establishing an accurate modification payment. The first servicer assessment results published by Treasury covered the first quarter of 2011. The chart shows the change in performance from the quarter preceding the first published assessments (fourth quarter of 2010) through the most recent assessment (third quarter of 2012).



\*Effective November 1, 2011 Litton Loan Servicing, LP transferred its loan portfolio to Ocwen Loan Servicing, LLC.

# MHA Servicer Assessment

## Overview

### MHA Compliance Results, Loan File Review: 4<sup>th</sup> Quarter 2010 – 3<sup>rd</sup> Quarter 2012

Servicer	Second Look % Disagree <sup>1</sup>								Second Look % Unable to Determine <sup>2</sup>								Income Calculation Error Rate <sup>3</sup>							
	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Bank of America, N.A.	2.4%	1.5%	0.8%	1.0%	1.0%	2.0%	1.0%	1.2%	19.6%	18.8%	8.2%	1.5%	1.0%	1.0%	0.0%	0.0%	22.0%	22.0%	13.2%	6.0%	6.0%	5.0%	2.0%	3.0%
CitiMortgage, Inc.	4.0%	2.0%	0.5%	1.5%	1.0%	1.0%	1.0%	2.0%	12.3%	13.3%	5.5%	0.5%	1.0%	0.5%	1.0%	3.8%	8.0%	10.0%	12.0%	6.0%	3.0%	4.0%	1.0%	3.1%
GMAC Mortgage, LLC	4.0%	4.7%	1.7%	1.0%	0.5%	0.0%	0.5%	1.3%	22.7%	8.3%	0.7%	0.0%	0.0%	0.0%	1.0%	0.0%	29.0%	6.0%	4.2%	4.2%	6.5%	4.0%	6.0%	10.0%
Homeward Residential, Inc.	5.3%	1.0%	0.7%	0.0%	1.5%	1.0%	1.0%	0.0%	29.3%	5.3%	1.0%	0.0%	0.0%	1.0%	0.5%	1.3%	30.0%	14.0%	5.3%	2.0%	1.0%	2.0%	1.0%	4.0%
JPMorgan Chase Bank, N.A.	3.9%	1.6%	1.2%	0.0%	0.7%	0.2%	0.0%	0.1%	16.0%	11.3%	3.2%	0.9%	1.0%	0.7%	1.7%	1.4%	31.0%	31.0%	20.6%	6.0%	10.0%	9.0%	0.0%	2.0%
Litton Loan Servicing, LP <sup>4</sup>	6.0%	3.7%	3.3%	1.0%	N/A	N/A	N/A	N/A	5.7%	6.3%	2.7%	2.0%	N/A	N/A	N/A	N/A	6.0%	6.0%	2.0%	1.0%	N/A	N/A	N/A	N/A
Ocwen Loan Servicing, LLC	6.3%	6.7%	2.7%	0.0%	0.7%	1.0%	1.0%	0.0%	24.7%	10.3%	3.0%	2.4%	0.0%	0.0%	0.0%	1.3%	18.0%	33.0%	2.0%	2.0%	2.0%	3.0%	3.0%	0.0%
OneWest Bank	4.7%	6.7%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	12.3%	3.7%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.0%	11.0%	2.0%	2.0%	0.0%	3.0%	1.0%	0.0%
Select Portfolio Servicing	2.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.5%	0.0%	17.0%	2.3%	0.3%	0.8%	0.0%	3.0%	0.0%	0.7%	22.0%	15.0%	10.0%	3.2%	1.0%	3.0%	2.0%	3.0%
Wells Fargo Bank, N.A. <sup>8</sup>	1.7%	1.2%	0.4%	0.4%	0.0%	0.3%	1.0%	1.3%	6.8%	6.0%	1.3%	1.3%	0.0%	0.0%	0.8%	1.0%	27.0%	27.0%	4.4%	5.5%	4.0%	2.0%	0.0%	1.0%

<sup>1</sup> Second Look % Disagree: Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination.

<sup>2</sup> Second Look % Unable to Determine: Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination.

<sup>3</sup> Income Calculation Error %: Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%. Correctly calculating homeowner monthly income is a critical component of evaluating eligibility for MHA, as well as establishing an accurate modification payment.

<sup>4</sup> Effective November 1, 2011 Litton Loan Servicing, LP transferred its loan portfolio to Ocwen Loan Servicing, LLC.

# MHA Servicer Assessment: Bank of America, N.A.

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	1.2%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	0.0%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	3.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.3%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

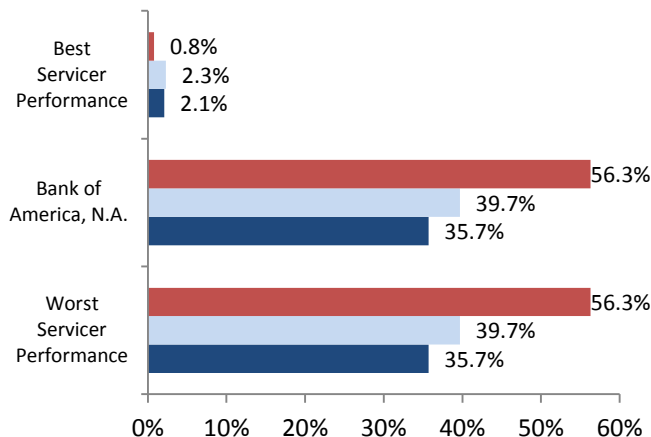
#### Q3 Results

- ❖ **Bank of America, N.A.** has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, Bank of America, N.A. **servicer incentives will not be withheld** at this time.

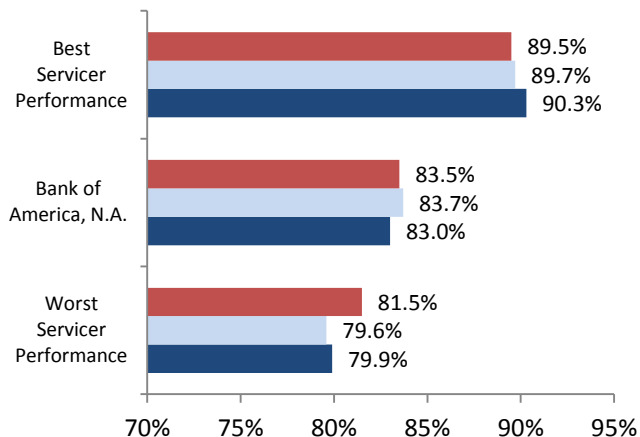
# MHA Servicer Assessment: Bank of America, N.A.

## Program Results

### Aged Trials as a Percentage of Active Trials



### Conversion Rate for Trials Started On or After 6/1/2010



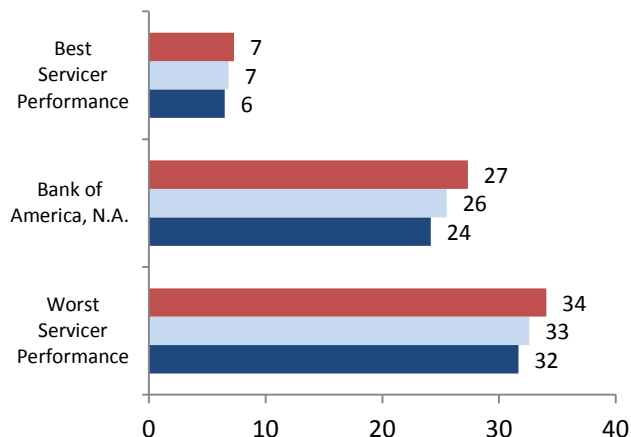
Results as of:

Mar. 2012

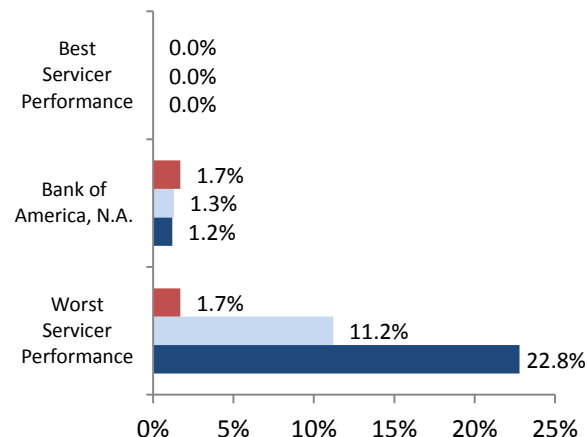
June 2012

Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.



# MHA Servicer Assessment: CitiMortgage, Inc.

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012				
Performance Category	Metric	Benchmark	Servicer Result	Rating
1 Identifying and Contacting Homeowners Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	2.0%	***
	■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	3.8%	***
	■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2 Homeowner Evaluation and Assistance Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	3.1%	***
	■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3 Program Management, Reporting, and Governance Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.5%	***
	■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***

Rating Legend	
*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

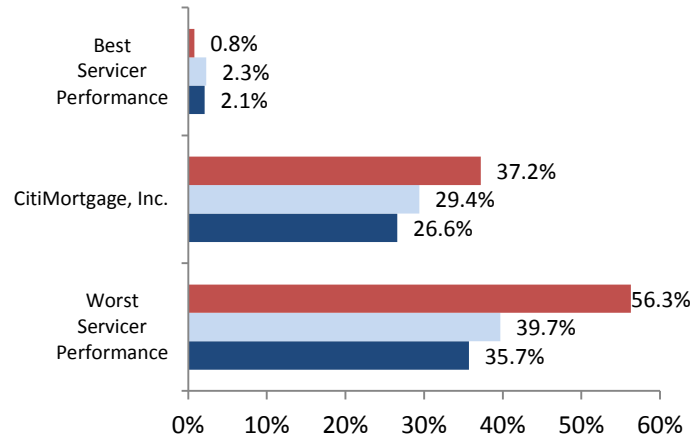
### Q3 Results

- ❖ CitiMortgage, Inc. has areas requiring **moderate** improvement due to needed progress in implementing previously identified improvements.
- ❖ After considering all relevant factors, CitiMortgage, Inc. **servicer incentives will not be withheld** at this time.

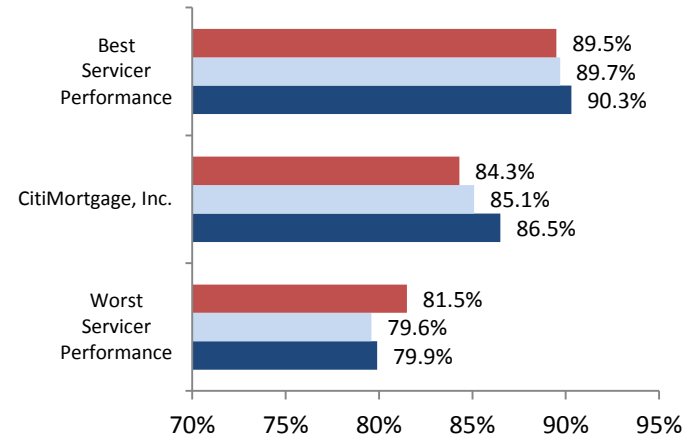
# MHA Servicer Assessment: CitiMortgage, Inc.

## Program Results

### Aged Trials as a Percentage of Active Trials



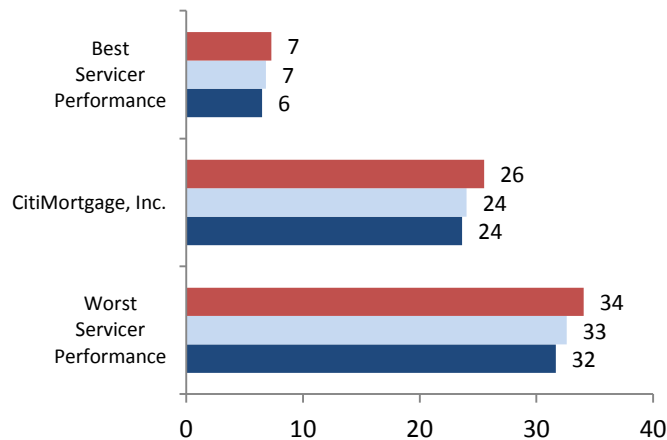
### Conversion Rate for Trials Started On or After 6/1/2010



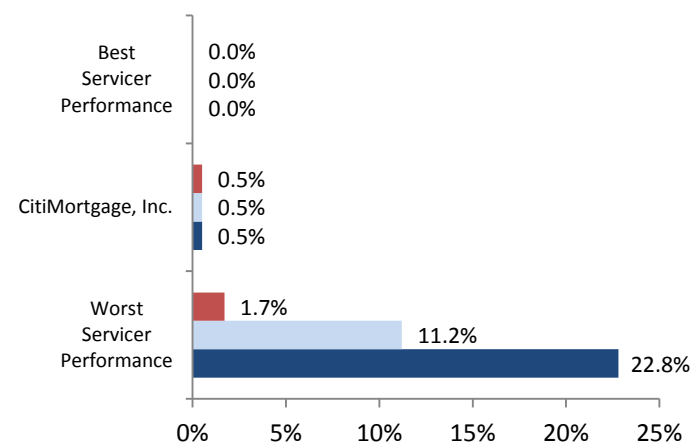
Results as of:

■ Mar. 2012  
■ June 2012  
■ Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

# MHA Servicer Assessment: GMAC Mortgage, LLC

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	1.3%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	0.0%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	10.0%	**
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	3.3%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

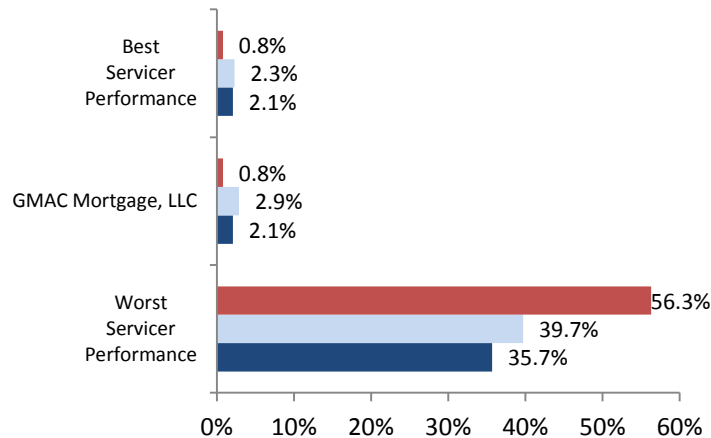
#### Q3 Results

- ❖ **GMAC Mortgage, LLC** has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, GMAC Mortgage, LLC **servicer incentives will not be withheld** at this time.

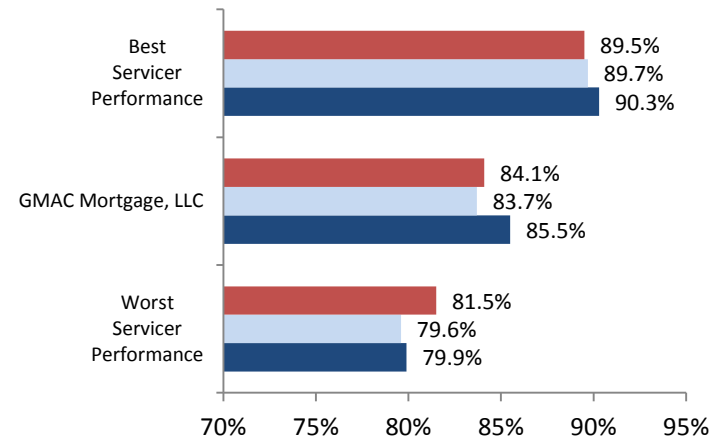
# MHA Servicer Assessment: GMAC Mortgage, LLC

## Program Results

### Aged Trials as a Percentage of Active Trials



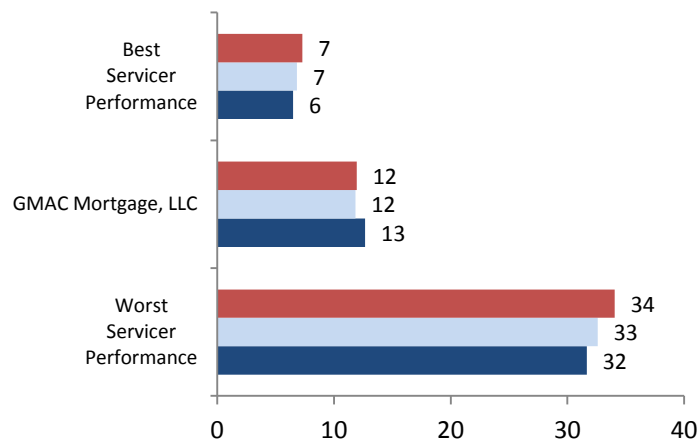
### Conversion Rate for Trials Started On or After 6/1/2010



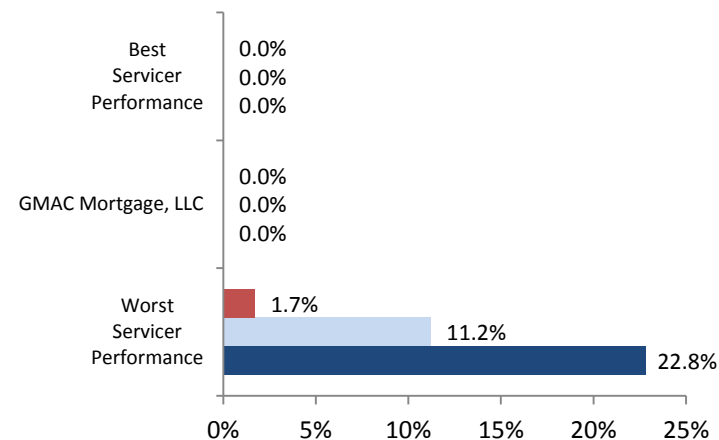
Results as of:

Mar. 2012  
June 2012  
Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

# MHA Servicer Assessment: Homeward Residential, Inc.

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	0.0%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	1.3%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	4.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.7%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

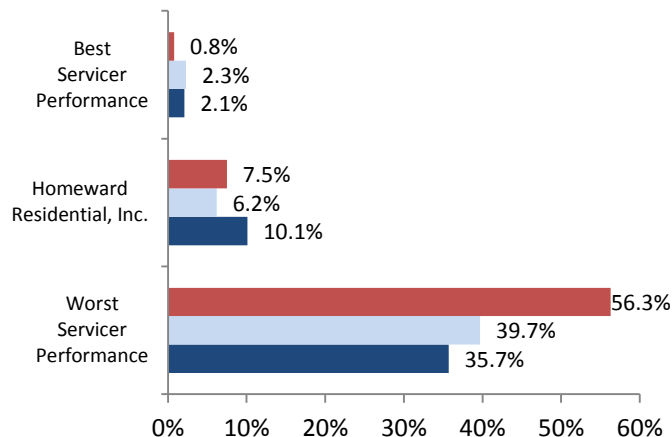
#### Q3 Results

- ❖ **Homeward Residential, Inc.** has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, Homeward Residential, Inc. **servicer incentives will not be withheld** at this time.

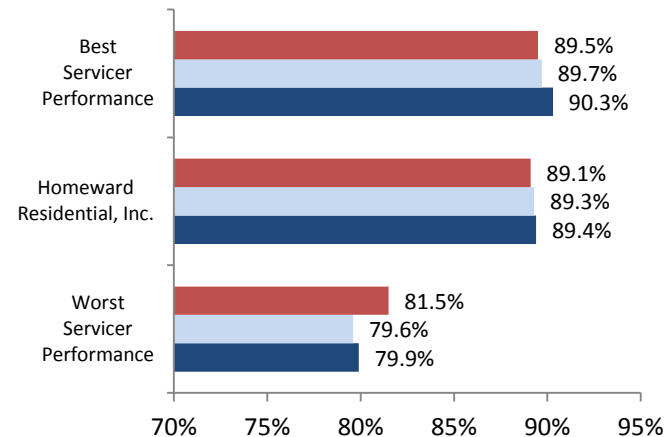
# MHA Servicer Assessment: Homeward Residential, Inc.

## Program Results

### Aged Trials as a Percentage of Active Trials



### Conversion Rate for Trials Started On or After 6/1/2010



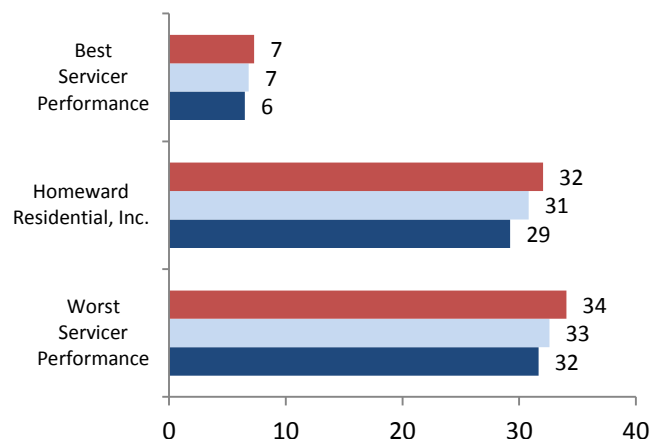
Results as of:

Mar. 2012

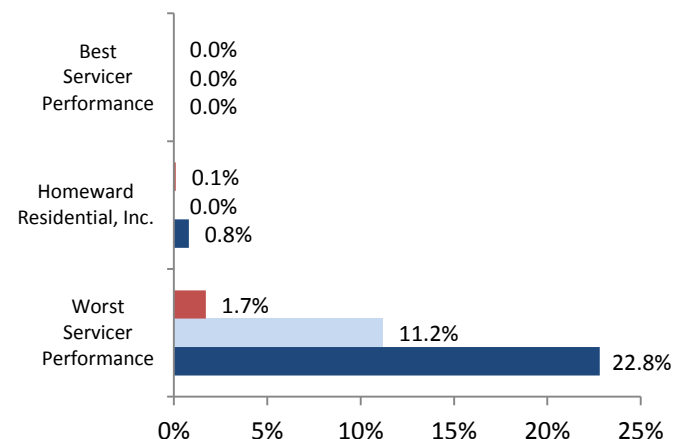
June 2012

Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.



# MHA Servicer Assessment: JPMorgan Chase Bank, N.A.

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	0.1%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	1.4%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	2.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.6%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

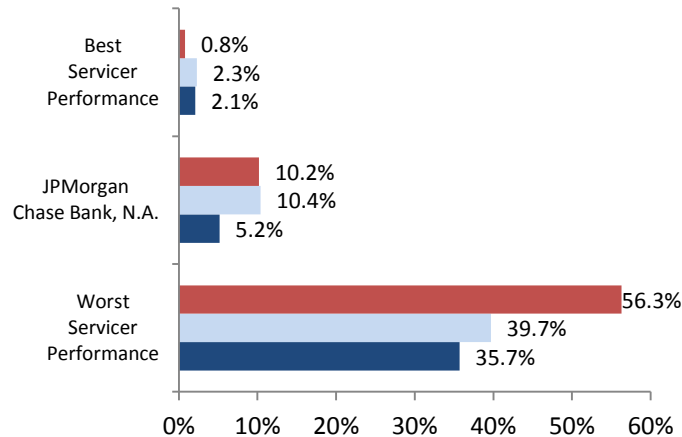
#### Q3 Results

- ❖ JPMorgan Chase Bank, N.A. has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, JPMorgan Chase Bank, N.A. **servicer incentives will not be withheld** at this time.

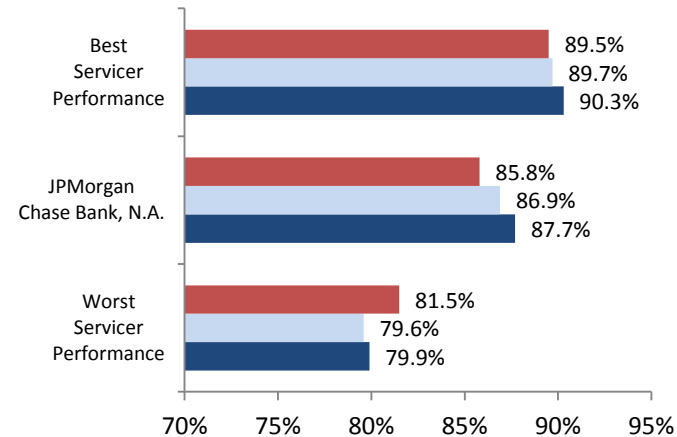
# MHA Servicer Assessment: JPMorgan Chase Bank, N.A.

## Program Results

### Aged Trials as a Percentage of Active Trials



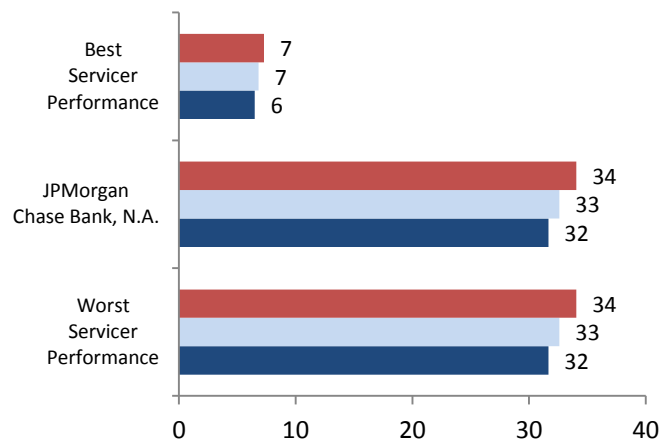
### Conversion Rate for Trials Started On or After 6/1/2010



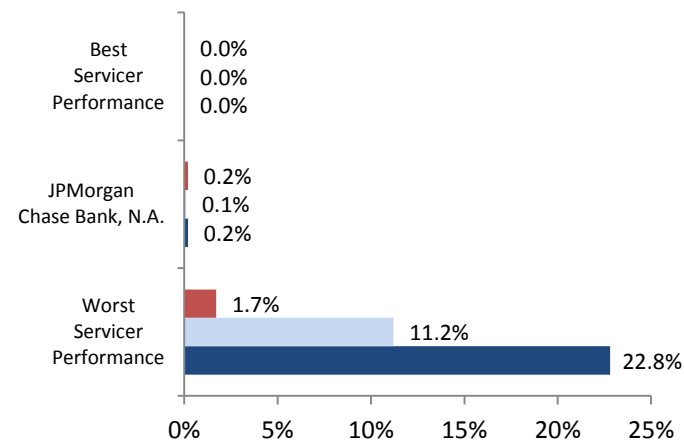
Results as of:

Mar. 2012  
June 2012  
Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

# MHA Servicer Assessment: Ocwen Loan Servicing, LLC

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	0.0%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	1.3%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	0.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	1.0%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**

### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

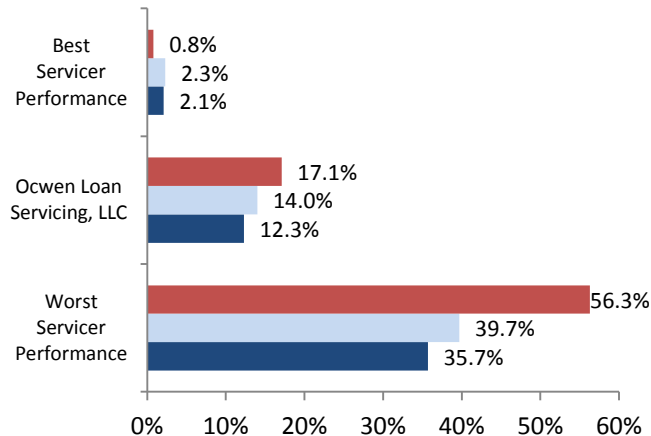
### Q3 Results

- ❖ **Ocwen Loan Servicing, LLC** has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, Ocwen Loan Servicing, LLC **servicer incentives will not be withheld** at this time.

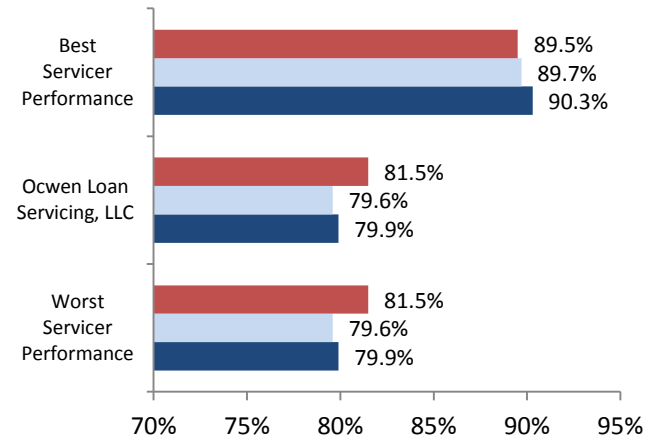
# MHA Servicer Assessment: Ocwen Loan Servicing, LLC<sup>1</sup>

## Program Results

### Aged Trials as a Percentage of Active Trials



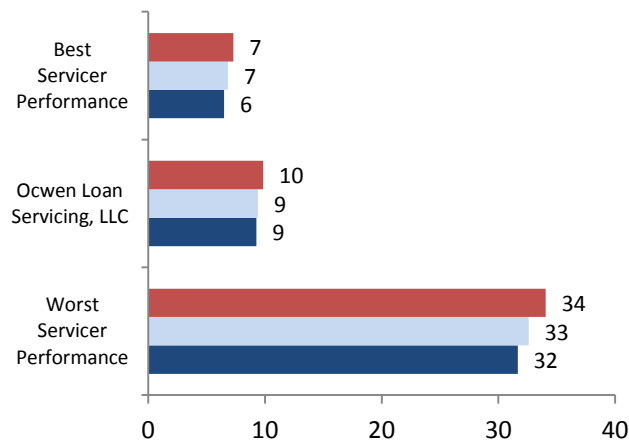
### Conversion Rate for Trials Started On or After 6/1/2010



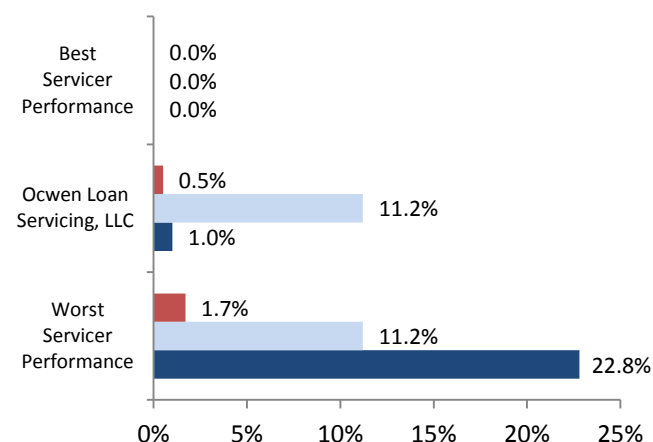
Results as of:

■ Mar. 2012  
■ June 2012  
■ Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

<sup>1</sup>Ocwen Loan Servicing, LLC received transferred loans that impacted its program results. The percent of missing modification status reports for the June 2012 reporting period increased as the result of approximately 6,550 transferred loans. In addition, the transfer of loans resulted in a decrease in the conversion rate and an increase in the aged trials as a percentage of active trials.

# MHA Servicer Assessment: OneWest Bank

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	0.0%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	0.0%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	0.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.0%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

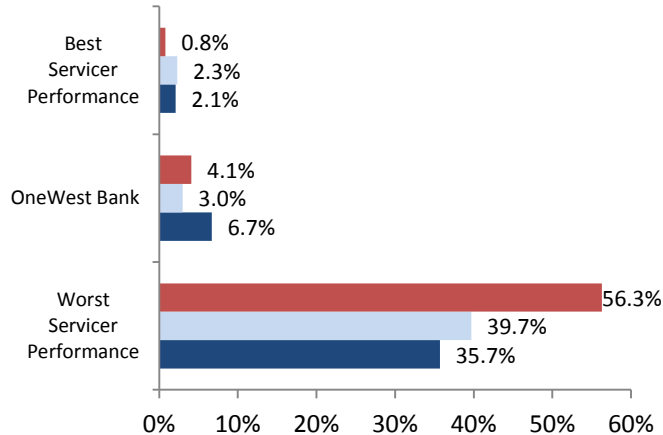
#### Q3 Results

- ❖ **OneWest Bank** has areas requiring **minor** improvement.

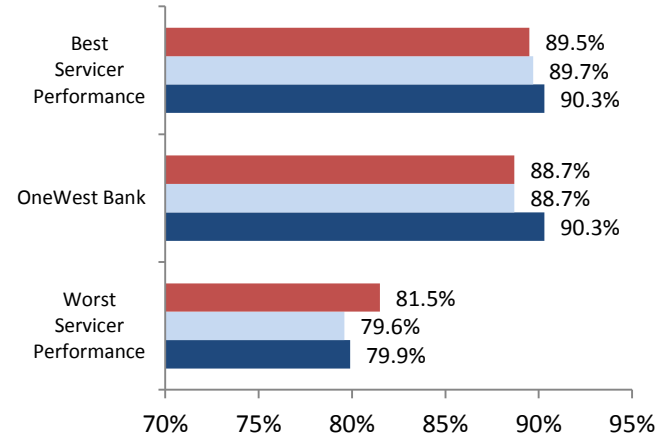
# MHA Servicer Assessment: OneWest Bank

## Program Results

### Aged Trials as a Percentage of Active Trials



### Conversion Rate for Trials Started On or After 6/1/2010



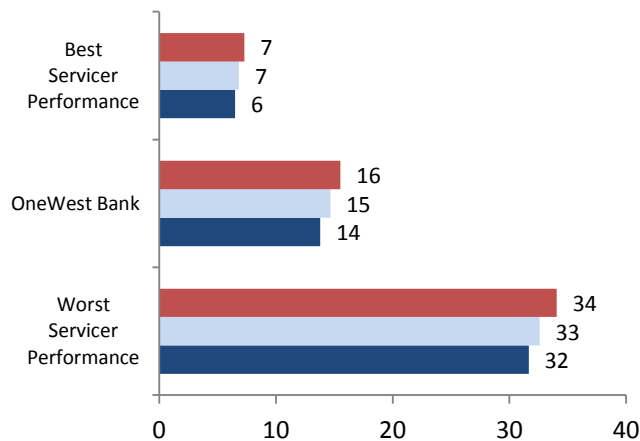
Results as of:

Mar. 2012

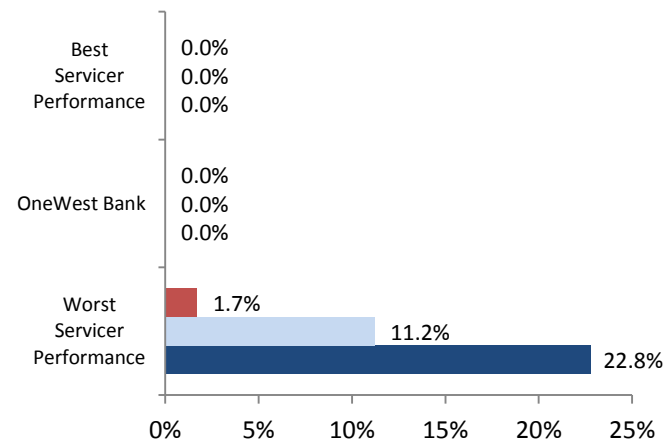
June 2012

Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

# MHA Servicer Assessment: Select Portfolio Servicing

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	0.0%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	0.7%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	3.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.3%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

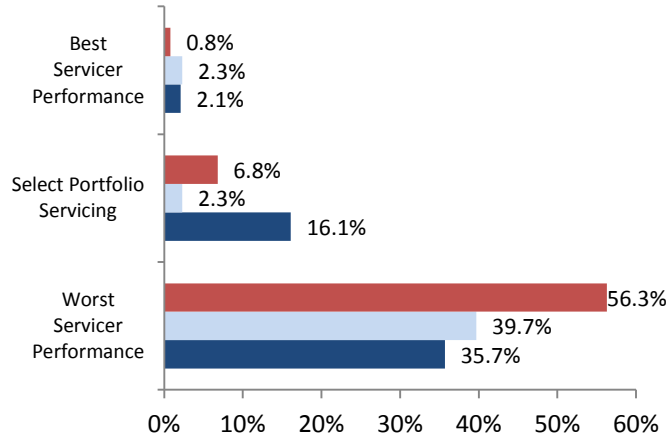
### Q3 Results

- ❖ **Select Portfolio Servicing** has areas requiring **minor** improvement.

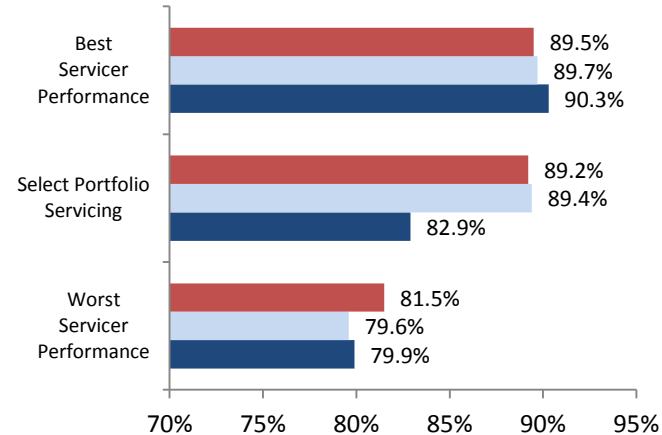
# MHA Servicer Assessment: Select Portfolio Servicing<sup>1</sup>

## Program Results

### Aged Trials as a Percentage of Active Trials



### Conversion Rate for Trials Started On or After 6/1/2010



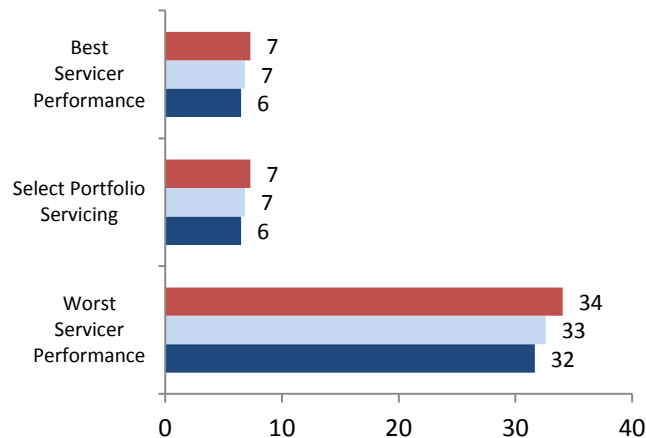
Results as of:

Mar. 2012

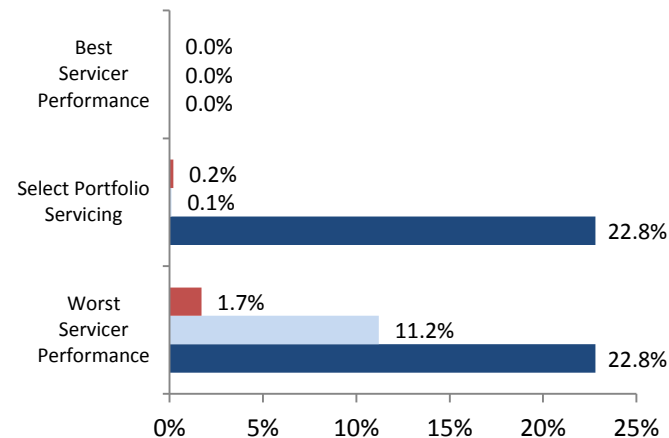
June 2012

Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

<sup>1</sup>Select Portfolio Servicing received transferred loans that impacted its program results. The percent of missing modification status reports for the September 2012 reporting period increased as the result of approximately 5,540 transferred loans. In addition, the transfer of loans resulted in a decrease in the conversion rate and an increase in the aged trials as a percentage of active trials.



# MHA Servicer Assessment: Wells Fargo Bank, N.A.

## Compliance Results

### Overview

- ❖ These metrics reflect the results of compliance reviews of the servicer's adherence to MHA Program Requirements.
- ❖ Quantitative results reflect percentages of tests that did not have a desired outcome.
- ❖ Servicers are rated qualitatively on the effectiveness of their internal control in the three Performance Categories as well as for each quantitative result.

Third Quarter 2012

	Performance Category	Metric	Benchmark	Servicer Result	Rating
1	<b>Identifying and Contacting Homeowners</b> Assesses whether the servicer identifies and communicates appropriately with potentially eligible MHA homeowners.	■ Second Look % Disagree Percentage of loans reviewed where MHA-C did not concur with the servicer's MHA determination	< 4%	1.3%	***
		■ Second Look % Unable to Determine Percentage of loans reviewed where MHA-C was not able to conclude on the servicer's MHA determination	< 10%	1.0%	***
		■ Internal Controls for Identifying and Contacting Homeowners MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	***
2	<b>Homeowner Evaluation and Assistance</b> Assesses whether servicer correctly evaluates homeowners' eligibility for MHA programs, communicates decisions in a timely manner, and accurately executes appropriate MHA activities.	■ Income Calculation Error % Percentage of loans for which MHA-C's income calculation differs from the servicer's by more than 5%	< 5%	1.0%	***
		■ Internal Controls for Homeowner Evaluation and Assistance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**
3	<b>Program Management, Reporting, and Governance</b> Assesses whether the servicer has effective program management, governance processes, and timely and correct submission of program reports and program information.	■ Incentive Payment Data Errors Average percentage of difference in calculated incentives resulting from data discrepancies between servicer files and the MHA system of record	< 5%	0.6%	***
		■ Internal Controls for Program Management, Reporting, and Governance MHA-C assesses whether servicer business processes are conducted effectively and in accordance with MHA guidelines	***	-	**

#### Rating Legend

*	Did not meet benchmark; substantial improvement needed
**	Did not meet benchmark; moderate improvement needed
***	Met benchmark; minor improvement may be indicated

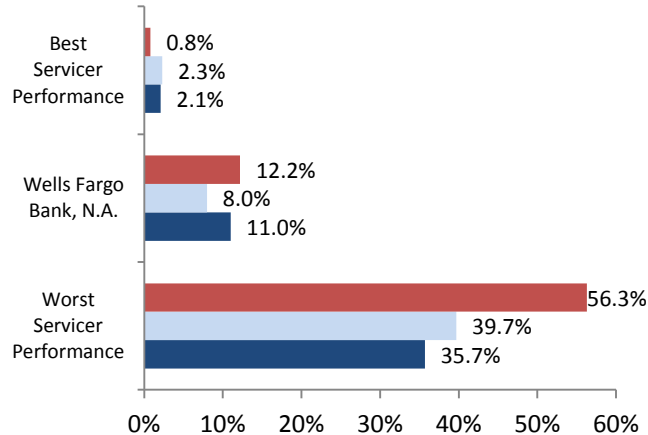
### Q3 Results

- ❖ Wells Fargo Bank, N.A. has areas requiring **moderate** improvement.
- ❖ After considering all relevant factors, Wells Fargo Bank, N.A. **servicer incentives will not be withheld** at this time.

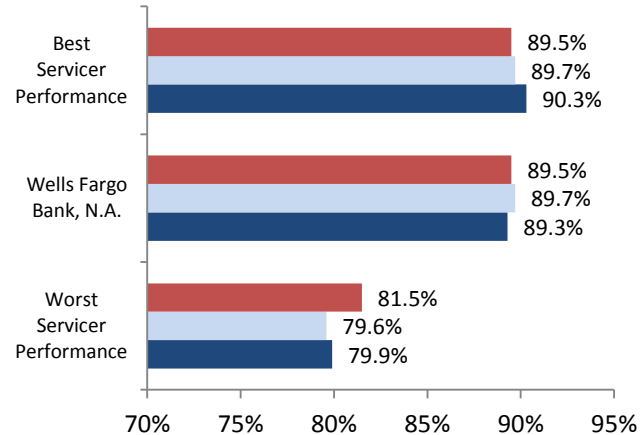
# MHA Servicer Assessment: Wells Fargo Bank, N.A.

## Program Results

### Aged Trials as a Percentage of Active Trials



### Conversion Rate for Trials Started On or After 6/1/2010



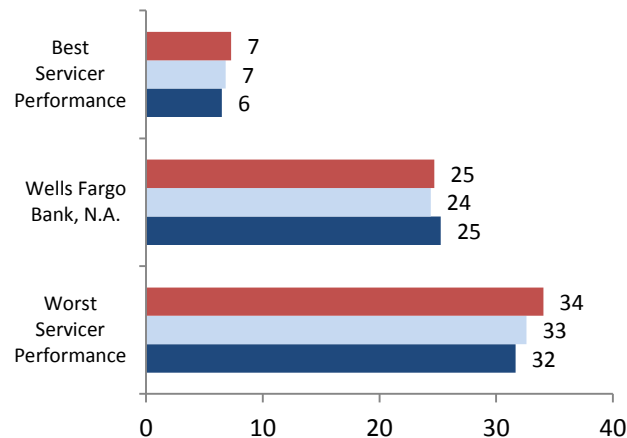
Results as of:

Mar. 2012

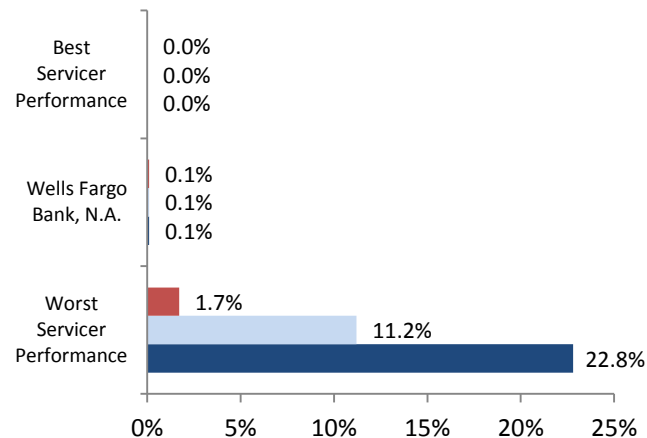
June 2012

Sep. 2012

### Average Calendar Days to Resolve Escalated Cases



### Missing Modification Status Reports (%)



Note: The best and worst performance reflect the best and worst result of the largest servicers for the period. See appendix for descriptions of the metrics.

### Metrics Descriptions

#### **Compliance Metrics** (quantitative)

**Second Look % Disagree:** Second Look is a process in which MHA-C reviews loans not in a permanent modification, to assess the accuracy of the servicer's determination of whether the homeowner is eligible for a modification. This metric measures the percentage of loans reviewed in Second Look with which MHA-C disagrees with a servicer's determination.

**Second Look % Unable to Determine:** This metric measures the percentage of loans reviewed in Second Look for which MHA-C is not able to determine, based on the documentation provided, how the servicer reached its loan-modification decision.

For both Second Look Disagree and Unable to Determine results, remedial actions Treasury requires servicers to take include, but are not limited to: reevaluating loans not offered HAMP modifications, submitting additional documentation to support the initial reason for denial of the modification, clarifying loan status, and engaging in systemic process remediation. For such results, servicers are also reminded of their obligation to suspend foreclosure of the loan until the unresolved items are remediated.

**Income Calculation Errors:** Correctly calculating homeowner monthly income is a critical component of evaluating eligibility for MHA, as well as establishing an accurate modification payment. This metric measures how often MHA-C disagrees with a servicer's calculation of a borrower's Monthly Gross Income, allowing for up to a 5% differential from MHA-C's calculations. For Income Calculation Error results, remedial actions Treasury requires servicers to take include, but are not limited to: correcting income errors exceeding the 5% differential, requiring the servicer to review their own income calculation accuracy, enhancing policies and procedures, and conducting staff training on income calculation.

**Incentive Payment Data Errors:** Treasury pays incentives to servicers, investors, and homeowners for permanent modifications completed under MHA. Although intended for different recipients, all incentives are paid through the servicer. Data that servicers upload to the program system of record is used to calculate the incentives paid to servicers, investors, and homeowners. This metric measures how data anomalies between servicer loan files and the reported information affect incentive payments. For Incentive Payment Data Error results, remedial actions Treasury requires servicers to take include, but are not limited to: correcting the identified errors and correcting system and operational processes such that accurate data is mapped to its appropriate places in the program system of record.

#### **Compliance Metrics** (qualitative)

Servicers establish processes and internal controls to help ensure their compliance with Program guidance. For each of the performance categories, Treasury performs a qualitative assessment of those internal controls based on MHA-C's compliance reviews. That assessment evaluates the nature, scope, and potential or actual impact on homeowners resulting from instances of servicer non-compliance with its own internal controls. For ineffective internal controls, remedial actions Treasury requires servicers to take include, but are not limited to: identifying and reevaluating any affected loans, enhancing the effectiveness of internal controls, and conducting staff training on servicer procedures.

#### **Program Metrics**

**Conversion Rate:** This cumulative metric looks at the rate of conversion to permanent modification for trials started on or after June 1, 2010, when all servicers were required to verify income documentation at trial start. Conversion rate is measured against all trials eligible to convert – those three months in trial, or four months if the borrower was at risk of imminent default at trial modification start.

Permanent modifications transferred among servicers are credited to the originating servicer. However, trial modifications transferred are reflected in the current servicer's population. A servicer's conversion rate can be negatively impacted by the transfer of trial modifications.

**Aged Trials as % of Active Trials:** This monthly metric measures trials lasting six months or longer as a share of all active trials. These figures include trial modifications that have been converted to permanent modifications by the servicer and are pending reporting to the program system of record, plus some portion which may be canceled.

**Days to Resolve Escalated Cases:** This cumulative metric measures servicer response time for homeowner inquiries escalated to MHA Support Centers. Effective Feb. 1, 2011, a target of 30 calendar days was established for non-GSE escalation cases, including an estimated 5 days processing by the MHA Support Centers. The methodology for calculating average days to respond to escalated cases was updated to only include non-GSE cases escalated on or after 2/1/2011. The figures exclude investor denial cases escalated prior to 11/1/2011. Cases involving bankruptcy and those that did not require servicer actions are not included in the calculation of servicer time to resolve escalations.

**% of Missing Modification Status Reports:** This monthly metric measures the servicer's ability to promptly report on modification status. Inconsistent and untimely reporting of modification status reports may impact incentive compensation and loan performance analysis.

For more information on the assessments, please visit: [www.FinancialStability.gov](http://www.FinancialStability.gov).

# Making Home Affordable

Program Performance Report Through October 2012

## Appendix A1: Non-GSE Participants in HAMP

Servicers participating in the HAMP First Lien Modification Program may also offer additional support for homeowners, including Home Affordable Foreclosure Alternatives (HAFA), a forbearance for unemployed borrowers through the Unemployment Program (UP), and Principal Reduction Alternative (PRA).

Effective October 3, 2010, the ability to make new financial commitments under the Troubled Asset Relief Program (TARP) terminated, and consequently no new Servicer Participation Agreements may be executed. In addition, effective June 25, 2010, no new housing programs may be created under TARP.

Allstate Mortgage Loans & Investments, Inc.	Great Lakes Credit Union	OneWest Bank	U.S. Bank National Association
AMS Servicing, LLC	Greater Nevada Mortgage Services	ORNL Federal Credit Union	United Bank
Aurora Loan Services, LLC	Green Tree Servicing LLC	Pathfinder Bank	United Bank Mortgage Corporation
Bank of America, N.A. <sup>1</sup>	Hartford Savings Bank	PennyMac Loan Services, LLC	Vantium Capital, Inc.
Bank United	Hillsdale County National Bank	PNC Bank, National Association	Vist Financial Corp.
Bayview Loan Servicing, LLC	HomEq Servicing	PNC Mortgage <sup>5</sup>	Wealthbridge Mortgage Corp.
Carrington Mortgage Services, LLC	Homeward Residential, Inc. <sup>2</sup>	Purdue Employees Federal Credit Union	Wells Fargo Bank, N.A. <sup>6</sup>
CCO Mortgage	Horicon Bank	QLending, Inc.	Yadkin Valley Bank
Central Florida Educators Federal Credit Union	IC Federal Credit Union	Quantum Servicing Corporation	
CitiMortgage, Inc.	Idaho Housing and Finance Association	Residential Credit Solutions	
Citizens 1st National Bank	iServe Residential Lending LLC	RG Mortgage Corporation	
Community Bank & Trust Company	iServe Servicing Inc.	RoundPoint Mortgage Servicing Corporation	
CUC Mortgage Corporation	JPMorgan Chase Bank, N.A. <sup>3</sup>	Saxon Mortgage Services, Inc.	
DuPage Credit Union	Lake City Bank	Schools Financial Credit Union	
Fay Servicing, LLC	Liberty Bank and Trust Co.	Select Portfolio Servicing	
Fidelity Homestead Savings Bank	Los Alamos National Bank	Servis One Inc., dba BSI Financial Services, Inc.	
First Bank	Magna Bank	ShoreBank	
First Financial Bank, N.A.	Marix Servicing, LLC	Silver State Schools Credit Union	
Franklin Credit Management Corporation	Midland Mortgage Company	Specialized Loan Servicing, LLC	
Franklin Savings	Midwest Community Bank	Sterling Savings Bank	
Glass City Federal Credit Union	Mission Federal Credit Union	Technology Credit Union	
GMAC Mortgage, LLC	Mortgage Center, LLC	The Golden 1 Credit Union	
	Nationstar Mortgage, LLC		
	Navy Federal Credit Union		
	Ocwen Loan Servicing, LLC <sup>4</sup>		

<sup>1</sup> Bank of America, N.A. includes all loans previously reported under BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>2</sup> Formerly American Home Mortgage Servicing, Inc.

<sup>3</sup> JPMorgan Chase Bank, N.A. includes all loans previously reported under EMC Mortgage Corporation.

<sup>4</sup> Ocwen Loan Servicing, LLC includes Litton Loan Servicing LP.

<sup>5</sup> Formerly National City Bank.

<sup>6</sup> Wells Fargo Bank, N.A. includes all loans previously reported under Wachovia Mortgage, FSB.

# Making Home Affordable

Program Performance Report Through October 2012

## Appendix A2: Participants in Additional Making Home Affordable Programs

### Second Lien Modification Program (2MP)

Bank of America, N.A.<sup>1</sup>  
Bayview Loan Servicing, LLC  
CitiMortgage, Inc.  
GMAC Mortgage, LLC  
Green Tree Servicing LLC  
iServe Residential Lending, LLC  
iServe Servicing, Inc.  
JPMorgan Chase Bank, N.A.<sup>2</sup>  
Nationstar Mortgage LLC  
OneWest Bank  
PennyMac Loan Services, LLC  
PNC Bank, National Association  
PNC Mortgage<sup>3</sup>  
Residential Credit Solutions  
Servis One Inc., dba BSI Financial Services, Inc.  
Wells Fargo Bank, N.A.<sup>4</sup>

### FHA First Lien Program (Treasury FHA-HAMP)

Amarillo National Bank  
American Financial Resources Inc.  
Aurora Financial Group, Inc.  
Aurora Loan Services, LLC  
Banco Popular de Puerto Rico  
Bank of America, N.A.<sup>1</sup>  
Capital International Financial, Inc.  
CitiMortgage, Inc.  
CU Mortgage Services, Inc.  
First Federal Bank of Florida  
First Mortgage Corporation  
Franklin Savings

Gateway Mortgage Group, LLC  
GMAC Mortgage, LLC.  
Green Tree Servicing, LLC  
Guaranty Bank  
iServe Residential Lending, LLC  
iServe Servicing, Inc.  
James B. Nutter & Company  
JPMorgan Chase Bank, N.A.<sup>2</sup>  
M&T Bank  
Marix Servicing, LLC  
Marsh Associates, Inc.  
Midland Mortgage Company  
Nationstar Mortgage, LLC  
Ocwen Loan Servicing, LLC<sup>5</sup>  
PennyMac Loan Services, LLC  
PNC Mortgage<sup>3</sup>  
RBC Bank (USA)  
Residential Credit Solutions  
Saxon Mortgage Services, Inc.  
Schmidt Mortgage Company  
Select Portfolio Servicing  
Servis One Inc., dba BSI Financial Services, Inc.  
Stockman Bank of Montana  
Wells Fargo Bank, N.A.<sup>4</sup>  
Weststar Mortgage, Inc.

### FHA Second Lien Program (FHA 2LP)

Bank of America, N.A.<sup>1</sup>  
Bayview Loan Servicing, LLC  
CitiMortgage, Inc.  
Flagstar Capital Markets Corporation

GMAC Mortgage, LLC  
Green Tree Servicing, LLC  
JPMorgan Chase Bank, N.A.<sup>2</sup>  
Nationstar Mortgage LLC  
PNC Bank, National Association  
PNC Mortgage<sup>3</sup>  
Residential Credit Solutions  
Saxon Mortgage Services, Inc.  
Select Portfolio Servicing  
Wells Fargo Bank, N.A.<sup>4</sup>

### Rural Housing Service Modification Program (RD-HAMP)

Banco Popular de Puerto Rico  
Bank of America, N.A.<sup>1</sup>  
Horicon Bank  
JPMorgan Chase Bank, N.A.<sup>2</sup>  
Magna Bank  
Marix Servicing, LLC  
Midland Mortgage Company  
Nationstar Mortgage LLC  
Wells Fargo Bank, N.A.<sup>4</sup>

<sup>1</sup> Bank of America, N.A. includes all loans previously reported under BAC Home Loans Servicing LP, Home Loan Services and Wilshire Credit Corporation.

<sup>2</sup> JPMorgan Chase Bank, N.A. includes all loans previously reported under EMC Mortgage Corporation.

<sup>3</sup> Formerly National City Bank.

<sup>4</sup> Wells Fargo Bank, N.A. includes all loans previously reported under Wachovia Mortgage FSB.

<sup>5</sup> Ocwen Loan Servicing, LLC includes Litton Loan Servicing LP